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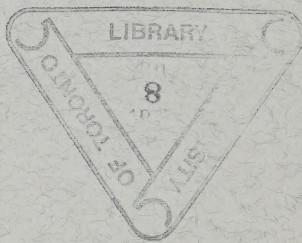


Unemployment Insurance
Canada

Assurance-ch
Canada

Comprehensive Review of the Unemployment Insurance Program in Canada





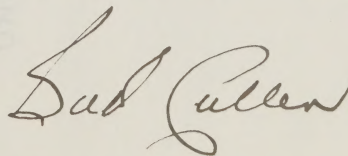
FOREWORD

This study - "A Comprehensive Review of the Unemployment Insurance Program" - is the first major empirical assessment of the impact the Unemployment Insurance program has had on the Canadian economy and society. It thus represents an important contribution to a general understanding of this social insurance program and its relationship to a changing social and economic environment.

As a result of the Review, amendments were made to the Unemployment Insurance Act in 1976, and additional changes are now before Parliament concerning the benefit structure and the entrance requirement.


This Review is based on information drawn from studies of the Canadian labour market, data on the behaviour of UI claimants, as well as analyses of the effects of the UI program on those claimants, and on the national economy. It examines the distribution of total benefits by province, occupation and industry. The Review also analyzes the extent to which the program has served to redistribute income between individual and family income groups. Finally, the study estimates the impact of proposed changes to the UI program's benefit structure and entrance requirement.

While the Comprehensive Review provides new insights into the Unemployment Insurance program, it also clearly demonstrates the need for continuing in-depth study. Other studies of particular aspects of the Unemployment Insurance program will be conducted and made available in the future, with a view to encouraging informed, constructive debate of a major government program which has broad-ranging implications for the economy, as well as for individuals and groups at all levels of society.



February, 1977

Bud Cullen
Minister of Manpower
and Immigration



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REPORT
ON THE
COMPREHENSIVE REVIEW
OF THE
UNEMPLOYMENT INSURANCE PROGRAM
IN
CANADA

Unemployment Insurance Commission
Published: February, 1977

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CONCEPTUAL FRAMEWORK

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- MANPOWER
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UNEMPLOYMENT INSURANCE PROGRAM

- EVOLUTION OF PHILOSOPHY
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COMPREHENSIVE REVIEW

THE COMPREHENSIVE REVIEW IS AN IN-DEPTH
ANALYSIS OF THE 1971 UI LEGISLATION AND
ITS OPERATION FOR THE YEARS 1972 - 1974

COMPREHENSIVE REVIEW

OBJECTIVES:

- (1) TO ASSESS THE U I PROGRAM IN TERMS OF ITS OBJECTIVES, TAKING INTO CONSIDERATION:
 - (a) THE CHANGING SOCIAL AND ECONOMIC ENVIRONMENT, AND
 - (b) THE EVOLVING RELATIONSHIPS WITH MANPOWER PROGRAMS AND THE CHANGING SOCIAL SECURITY SYSTEM.
- (2) TO SEARCH FOR A BETTER BALANCE BETWEEN:
 - (a) THE PROVISION OF ADEQUATE INCOME MAINTENANCE, AND
 - (b) THE ACHIEVEMENT OF A MORE EFFECTIVE ALLOCATION OF RESOURCES AND PROVISION OF GREATER INCENTIVES TO WORK.
- (3) TO RECOMMEND CHANGES TO THE U I PROGRAM AS REQUIRED ON THE BASIS OF THE FINDINGS OF THE COMPREHENSIVE REVIEW.

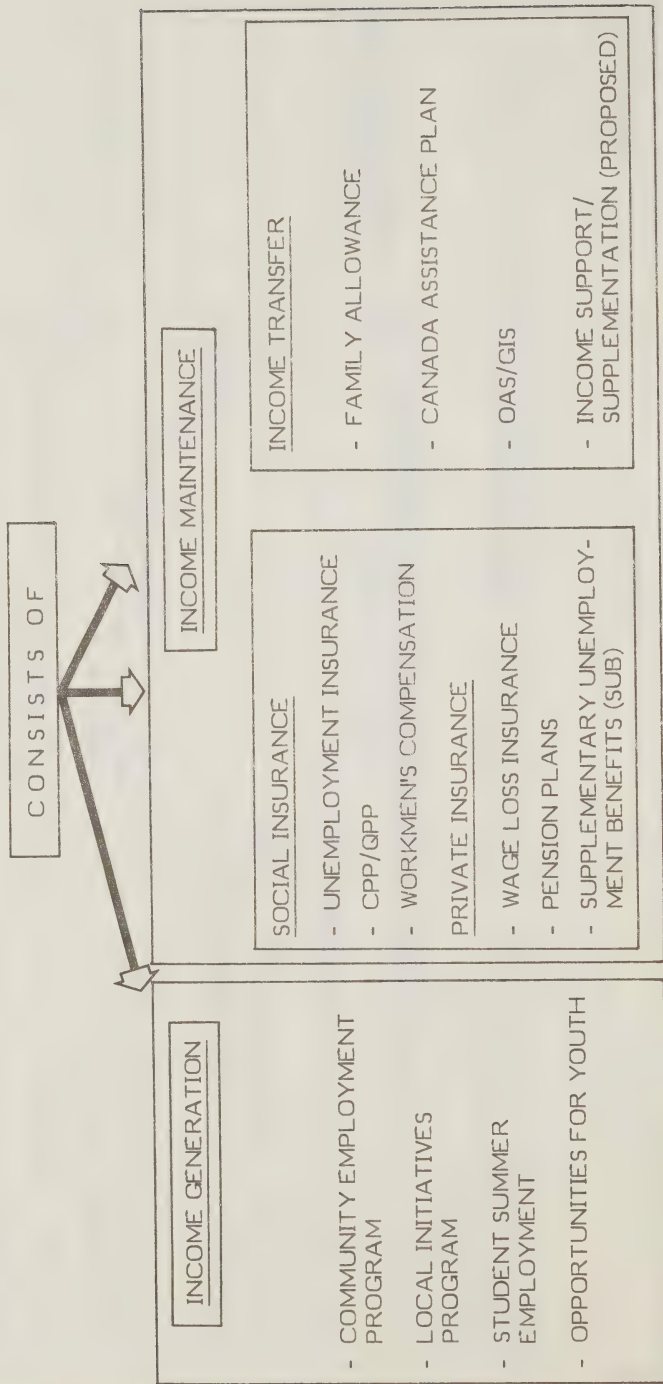
COMPARISONS: SOCIAL INSURANCE - WELFARE

FACTORS	SOCIAL INSURANCE	WELFARE
OBJECTIVES	<ul style="list-style-type: none"> - <u>INCOME REPLACEMENT</u> - FIRST LINE OF DEFENCE - PREVENTION OF POVERTY 	<ul style="list-style-type: none"> - <u>INCOME SUPPORT</u> - RESIDUAL (ULTIMATE) LINE OF DEFENCE - ALLEVIATION OF POVERTY
CONDITIONS OF ENTITLEMENT	<ul style="list-style-type: none"> - OCCURRENCE OF AN INSURED <u>CONTINGENCY</u> e.g, UNEMPLOYMENT, ILLNESS - SPECIFIED BY LEGISLATION 	<ul style="list-style-type: none"> - AVAILABLE TO ANYONE WHO CAN SHOW <u>NEED OF SUPPORT</u> - INDIVIDUAL SITUATIONS ASSESSED IN CONTEXT OF <u>GENERAL GROUND RULES</u>

COMPARISONS: SOCIAL INSURANCE - WELFARE

SOCIAL INSURANCE	WELFARE	FACTORS
<ul style="list-style-type: none"> - PRE-DETERMINED FORMULA FOR MEETING PRESUMED NEEDS OF INDIVIDUALS - RELATED TO PREVIOUS EARNINGS/ LABOUR FORCE ATTACHMENT - PAYABLE ON MEETING PRESCRIBED CONDITIONS - NOT DIRECTLY AFFECTED BY FINANCIAL POSITION OF CLAIMANT 	<ul style="list-style-type: none"> - EMPHASIS ON FAMILY SUBJECT TO NEEDS TEST - NEEDS TEST DETERMINES BENEFIT LEVELS & DURATION 	DETERMINATION OF BENEFITS
<ul style="list-style-type: none"> - STATUTORY PARTICIPATION FOR BOTH PRIVATE SECTOR (PREMIUMS) AND GOVERNMENT (TAXES) - ALLOWS FOR POOLING OF RISKS 	<ul style="list-style-type: none"> - LEVEL OF FINANCING DETERMINED ANNUALLY BY AUTHORITIES RESPONSIBLE - FEDERAL CONDITIONAL GRANTS TO PROVINCES (CAP) 	

CANADIAN SOCIAL SECURITY STRATEGY



CANADIAN SOCIAL SECURITY STRATEGY

INCOME GENERATION

THE FIRST STRATEGY IN PROVIDING INCOME
SECURITY TO CANADIANS MUST BE TO
PROVIDE PEOPLE WITH JOBS, i.e.

INCOME THROUGH
EMPLOYMENT RATHER THAN
INCOME THROUGH
SOCIAL INSURANCE.

INCOME MAINTENANCE

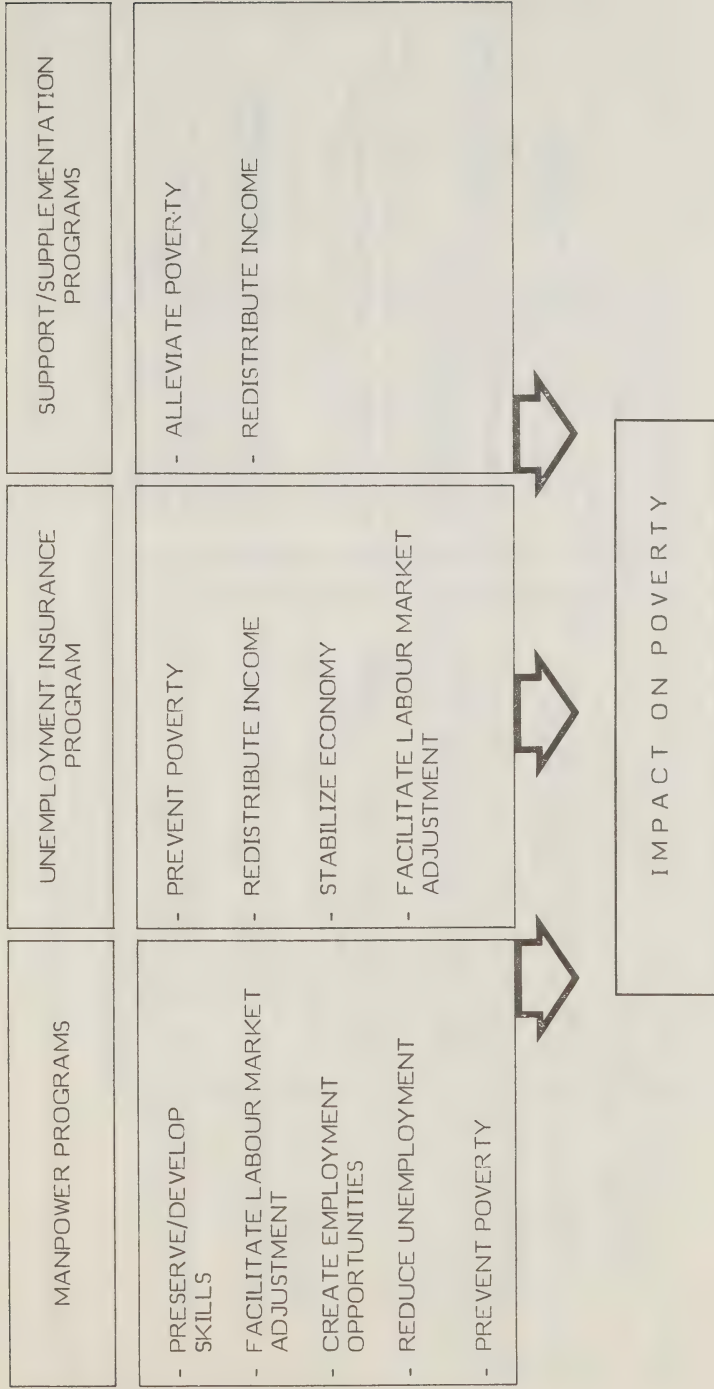
THE CENTRAL ROLE TO BE PLAYED BY
SOCIAL INSURANCE PROGRAMS IN GENERAL,
AND UI IN PARTICULAR, IN THE SOCIAL
SECURITY SYSTEM IS TO ACT AS A:

FIRST LINE OF DEFENSE AGAINST
TEMPORARY LOSS OF INCOME BY
PROVIDING WAGE-RELATED
INCOME INSURANCE.

COMPARISONS: PROGRAM OBJECTIVES

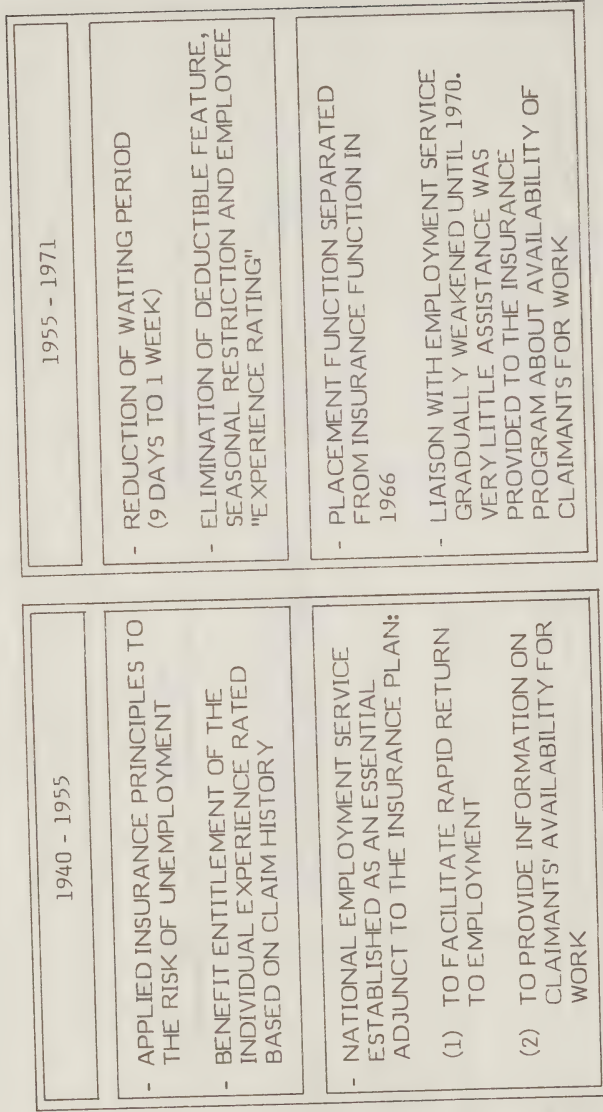
MANPOWER PROGRAMS	UNEMPLOYMENT INSURANCE PROGRAM	SUPPORT/SUPPLEMENTATION PROGRAMS
<ul style="list-style-type: none"> - TO FURTHER THE ECONOMIC GROWTH OF CANADA BY ENDEAVOURING TO ENSURE THAT THE SUPPLY OF MANPOWER MATCHES THE DEMAND QUALITATIVELY, QUANTITATIVELY AND GEOGRAPHICALLY - TO FAVOR DEVELOPMENT AND UTILIZATION OF HUMAN RESOURCES AND TO SUPPORT INDIVIDUAL CANADIANS IN THE PURSUIT OF THEIR ECONOMIC NEEDS AND SELF-FULFILLMENT THROUGH WORK 	<ul style="list-style-type: none"> - TO PROVIDE TEMPORARY AND SUFFICIENT INCOME REPLACEMENT FOR INSURED UNEMPLOYED WORKERS - TO ASSIST THE RETURN OF THE UNEMPLOYED INTO MORE STABLE AND REWARDING EMPLOYMENT 	<div>SUPPORT</div> <ul style="list-style-type: none"> - TO PROVIDE AN ADEQUATE LEVEL OF INCOME TO THOSE PEOPLE WHOSE INCOME IS INSUFFICIENT BECAUSE THEY ARE UNABLE OR NOT EXPECTED TO WORK <div>SUPPLEMENTATION</div> <ul style="list-style-type: none"> - TO PROVIDE ADDITIONAL INCOME TO THOSE ABLE TO WORK BUT WHOSE INCOME FROM EMPLOYMENT IS INSUFFICIENT IN RELATION TO THEIR FAMILY SIZE

COMPARISONS: SUB-OBJECTIVES/EFFECTS



UNEMPLOYMENT INSURANCE PROGRAM

EVOLUTION OF PHILOSOPHY



UNEMPLOYMENT INSURANCE PROGRAM

EVOLUTION OF PHILOSOPHY

(Cont'd)

1971 - 1975

- UNIVERSAL COVERAGE

- IMPROVED FINANCIAL BENEFITS TO REDUCE THE IMPACT OF UNEMPLOYMENT ON THE INDIVIDUAL
- EASIER QUALIFICATION FOR SHORT-TERM ATTACHMENT

INCOME
MAINTENANCE

- GREATER EMPHASIS BY UIC ON RE-EMPLOYMENT OF CLAIMANTS REFLECTED BY:

- (1) A HUMANIZATION OF SERVICE, e.g., FACE-TO-FACE CONTACT WITH CLAIMANTS
- (2) A DECENTRALIZATION OF ADMINISTRATION
- (3) IMPROVED LIAISON WITH MANPOWER PROGRAMS, e.g., VOCATIONAL COUNSELING, REFERRAL TO JOB OPPORTUNITIES, RETRAINING, AND MOBILITY

RETURN
TO
EMPLOYMENT

UNEMPLOYMENT INSURANCE PROGRAM

EVOLUTION OF PHILOSOPHY

(Cont'd)

INCOME REDISTRIBUTION	<div data-bbox="288 703 350 1185">1940 - 1955</div> <div data-bbox="385 703 577 1185"> <ul style="list-style-type: none"> - FUNDED PRIMARILY BY THE GROUPS IN THE ECONOMY NEEDING THE PLAN, i.e., EMPLOYERS AND EMPLOYEES - CONSIDERABLE SELECTIVITY FOR COVERAGE PURPOSES </div> <div data-bbox="612 703 703 1185"> <ul style="list-style-type: none"> - TO MAINTAIN PURCHASING POWER OF INDIVIDUALS AND VOLUME OF SALES IN TOTAL </div>	<div data-bbox="283 159 342 654">1955 - 1971</div> <div data-bbox="377 159 569 654"> <ul style="list-style-type: none"> - INTRODUCTION OF CONCEPT OF REDISTRIBUTION OF INCOME - COVERAGE EXTENDED TO SOME EMPLOYMENTS NOT CONSIDERED SUITABLE UNDER STRICT INSURANCE PRINCIPLES </div> <div data-bbox="609 159 703 654"> <ul style="list-style-type: none"> - EASING OF SEASONAL BENEFIT REQUIREMENTS IN PERIODS OF HIGH UNEMPLOYMENT DURING THE YEAR </div>
ECONOMIC STABILIZATION	<div data-bbox="742 703 836 1185"> <ul style="list-style-type: none"> - EMPHASIS ON ADMINISTRATIVE CONSIDERATIONS IN DETERMINING PROVISIONS OF THE PROGRAM </div>	<div data-bbox="742 159 824 654"> <ul style="list-style-type: none"> - RELAXATION OF EMPHASIS ON ADMINISTRATIVE CONSIDERATIONS IN DECIDING TERMS OF LEGISLATION </div>

UNEMPLOYMENT INSURANCE PROGRAM

EVOLUTION OF PHILOSOPHY

(Cont'd)

1971 - 1975	
- INCREASED EMPHASIS ON REDISTRIBUTIVE EFFECTS OF PROGRAM REFLECTED BY INCREASED FEDERAL GOVERNMENT PARTICIPATION	INCOME REDISTRIBUTION
- INCREASED EMPHASIS ON USE OF THE PROGRAM AS AN ECONOMIC STABILIZER DIRECTED TO PARTICULAR AREAS IN THE COUNTRY (REGIONAL BENEFITS)	ECONOMIC STABILIZATION
- EMPHASIS ON SERVICE TO THE CLAIMANT AND EMPLOYER - ADMINISTRATION NOT A SIGNIFICANT CONSIDERATION IN DETERMINING PROVISIONS OF PLAN	ADMINISTRATION

UNEMPLOYMENT INSURANCE PROGRAM

HISTORICAL DEVELOPMENT

FACTORS	1940 - 1955	1955 - 1971
COVERAGE	<ul style="list-style-type: none"> - INITIAL COVERAGE OF MAINLY INDUSTRIAL AND BUSINESS SECTOR EXTENDED TO INCLUDE WATER & AIR TRANSPORTATION, STEVEDORING, LOGGING, NURSING - WAGE CEILING OF \$2,000 INCREASED TO \$4,800 FOR COVERAGE PURPOSES 	<ul style="list-style-type: none"> - COVERAGE FURTHER EXTENDED TO INCLUDE POLICE, FISHING, AGRICULTURE - WAGE CEILING BECAME \$7,800 FOR COVERAGE PURPOSES
ELIGIBILITY	<ul style="list-style-type: none"> - 180 DAYS' CONTRIBUTIONS IN LAST TWO YEARS (OR SINCE PREVIOUS CLAIM) PLUS - A REQUIREMENT FOR RECENTNESS OF ATTACHMENT TO EMPLOYMENT 	<ul style="list-style-type: none"> - DETERMINED ON A WEEKLY BASIS - A REQUIREMENT FOR 30 INSURED WEEKS IN LAST 104 WITH A RECENTNESS OF ATTACHMENT TO EMPLOYMENT
BENEFIT RATE	<ul style="list-style-type: none"> - REGULAR RATE 40% OF AVERAGE INSURED EARNINGS - DEPENDENCY RATE 50% OF AVERAGE INSURED EARNINGS - MAXIMUM ESTABLISHED BY LEGISLATION SUBJECT TO PERIODIC CHANGE (REACHING \$30/WEEK) - NON-TAXABLE 	<ul style="list-style-type: none"> - SAME AS UNDER PREVIOUS ACT - MAXIMUM ESTABLISHED BY LEGISLATION SUBJECT TO PERIODIC CHANGE (REACHING \$58/WEEK) - NON-TAXABLE

UNEMPLOYMENT INSURANCE PROGRAM

HISTORICAL DEVELOPMENT

(Cont'd)

1971 - 1975	FACTORS
- VIRTUALLY UNIVERSAL COVERAGE	COVERAGE
- AT LEAST 8 WEEKS OF INSURABLE EMPLOYMENT IN LAST YEAR OR SINCE PREVIOUS CLAIM, WHICHEVER IS SHORTER	ELIGIBILITY
- 66-2/3% OF AVERAGE INSURABLE EARNINGS	BENEFIT RATE
- DEPENDENCY RATE OF 75% PAID IN EXTENDED BENEFIT PERIOD AND TO LOW WAGE EARNERS THROUGHOUT CLAIM	
- MAXIMUM INSURABLE EARNINGS AND THEREFORE BENEFITS INDEXED	
- TAXABLE	

UNEMPLOYMENT INSURANCE PROGRAM

HISTORICAL DEVELOPMENT

(Cont'd)

FACTORS	1940 - 1955	1955 - 1971
DURATION	<ul style="list-style-type: none">- BANKING OF ENTITLEMENT SUBJECT TO WITHDRAWALS- NUMBER OF DAYS OF ENTITLEMENT EQUAL TO 1/5 OF DAILY CONTRIBUTIONS IN LAST 5 YEARS LESS 1/3 OF DAYS OF BENEFIT IN LAST 3 YEARS	<ul style="list-style-type: none">- EXPRESSED IN DOLLARS AS A MULTIPLE OF THE WEEKLY BENEFIT RATE- THE MULTIPLE INCREASED FROM 36 TO 52
FUNDING	<ul style="list-style-type: none">- EMPLOYERS AND EMPLOYEES EACH CONTRIBUTED APPROXIMATELY 1.2% OF INSURABLE EARNINGS- GOVERNMENT CONTRIBUTED ADDITIONAL 1/5 OF TOTAL EMPLOYER AND EMPLOYEE CONTRIBUTIONS PLUS ADMINISTRATIVE COSTS	<ul style="list-style-type: none">- SAME PROVISIONS AS FOR 1940-1955

UNEMPLOYMENT INSURANCE PROGRAM

HISTORICAL DEVELOPMENT

(Cont'd)

1971 - 1975	FACTORS
<ul style="list-style-type: none">- DURATION DETERMINED FROM NUMBER OF WEEKS OF INSURABLE EMPLOYMENT AND REGIONAL AND NATIONAL LEVELS OF UNEMPLOYMENT- MAXIMUM 51 WEEKS	DURATION
<ul style="list-style-type: none">- REGULAR INITIAL BENEFIT UP TO 4% UNEMPLOYMENT RATE, SPECIAL SICKNESS, MATERNITY, RETIREMENT BENEFITS AND ADMINISTRATION COSTS PAID BY PRIVATE SECTOR- EXTENDED BENEFIT AND REGULAR INITIAL BENEFIT COST ATTRIBUTABLE TO UNEMPLOYMENT RATES IN EXCESS OF 4%, SPECIAL FISHING BENEFITS AND AOTA PAID BY FEDERAL GOVERNMENT FROM GENERAL REVENUE	FUNDING

UNEMPLOYMENT INSURANCE PROGRAM

HISTORICAL DEVELOPMENT

(Cont'd)

1940 - 1955	1955 - 1971
<ul style="list-style-type: none">- EXTENSION OF COVERAGE- RESTRICTIVE SEASONAL REGULATIONS ELIMINATED- BENEFIT PAID TO PERSONS ON CLAIM WHO BECAME SICK- SUPPLEMENTARY BENEFIT PAYABLE IN WINTER AT REDUCED RATE UNDER EASIER QUALIFICATION RULES	<ul style="list-style-type: none">- SEASONAL BENEFITS REPLACED SUPPLEMENTARY BENEFITS UNDER SAME PRINCIPLE BUT WITH MODIFIED ELIGIBILITY, DURATION AND RATE PROVISIONS- MARRIED WOMEN REGULATIONS RESTRICTING THEIR BENEFIT INTRODUCED AND WITHDRAWN

SPECIAL TRENDS

UNEMPLOYMENT INSURANCE PROGRAM

HISTORICAL DEVELOPMENT

(Cont'd)

1971 - 1975

- PROGRAM MORE TRANSFER-ORIENTED AS A RESULT OF:

- (1) INCREASED COVERAGE AND EASIER ELIGIBILITY
- (2) CHANGE IN FUNDING ARRANGEMENTS
- (3) EXTENSION OF DURATION RELATED TO REGIONAL AND NATIONAL UNEMPLOYMENT RATES.

- SICKNESS, MATERNITY AND RETIREMENT BENEFITS INTRODUCED

- UI PAYMENTS REPRESENTED:

- (1) IN 1970: .8% OF GNP (THE EQUIVALENT OF 4.6% OF TOTAL GOVERNMENT EXPENDITURES*);
- (2) IN 1974: 1.5% OF GNP (THE EQUIVALENT OF 7.4% OF TOTAL GOVERNMENT EXPENDITURES*);
- (3) IN 1975: 2.1% OF GNP (THE EQUIVALENT OF 10.1% OF TOTAL GOVERNMENT EXPENDITURES*).

SPECIAL TRENDS

*ON NATIONAL ACCOUNTS BASIS

UNEMPLOYMENT INSURANCE PROGRAM

INCREASING COSTS

(\$ 0 0 0 , 0 0 0)

	<u>OLD ACT</u>		<u>NEW ACT</u>			
	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	
UNEMPLOYMENT RATE	6.4%	6.3%	5.6%	5.4%	7.1%	
BENEFIT PAYMENTS	891	1,868	2,004	2,116	3,130	
ADMINISTRATION	79	122	141	163	192	
INTEREST	(21)	1	15	27	14	
TOTAL PROGRAM COST	949	1,991	2,160	2,306	3,336	
GOVERNMENT COST	184	892	917	875	1,707	
EMPLOYEE & EMPLOYER COST	765	1,099	1,243	1,431	1,629	

UNEMPLOYMENT INSURANCE PROGRAM

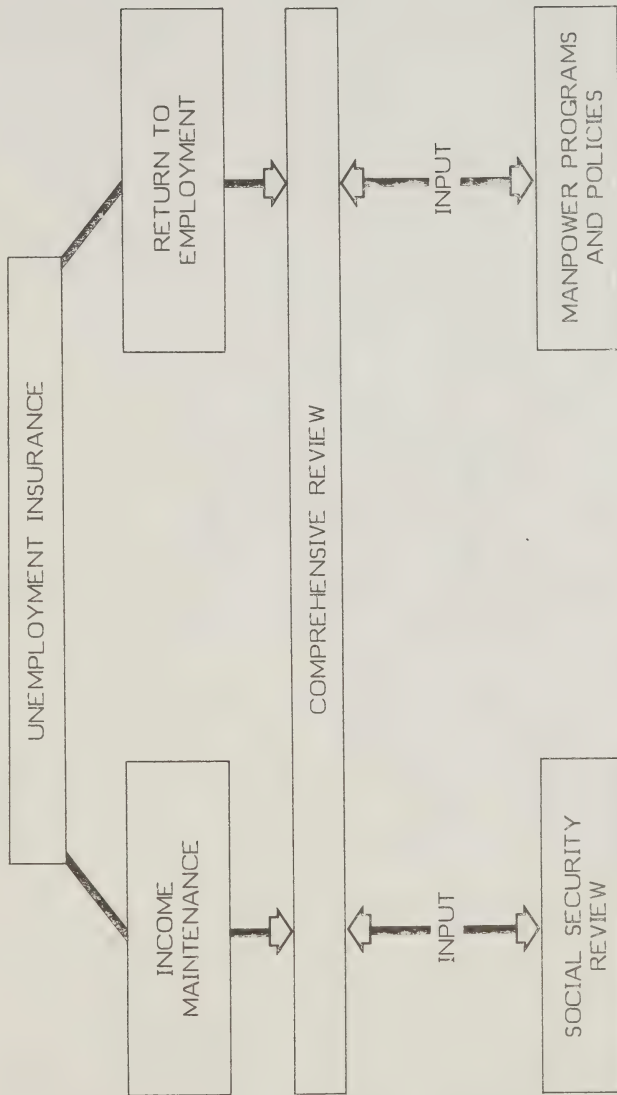
INCREASING PREMIUM RATES
(PER \$100 INSURED EARNINGS)

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
	\$	\$	\$	\$
EMPLOYEE	0.90	1.00	1.40	1.40
EMPLOYER	1.26	1.40	1.96	1.96
YEAR-END CUMULATIVE EMPLOYER/EE ACCOUNT DEFICIT (\$M)	-152	-502	-418	-97

THE CONTEXT OF THE UI PROGRAM
AND THE COMPREHENSIVE REVIEW



SOCIO - ECONOMIC ENVIRONMENT



LABOUR MARKET

CHANGES
IN
THE
CANADIAN
LABOUR
MARKET

B

CHANGES

IN

THE

CANADIAN

LABOUR

MARKET

B-1

OUTLINE OF PRESENTATION

CHANGES IN THE CANADIAN LABOUR MARKET

CANADIAN LABOUR MARKET AND UI PROGRAM

CHANGES IN THE CANADIAN LABOUR MARKET

COMMENTS

- (1) a) CANADA HAS THE FASTEST GROWING LABOUR FORCE OF ANY INDUSTRIALIZED WESTERN ECONOMY:

THE LABOUR FORCE GREW AT AN ANNUAL RATE OF 3.8% OVER THE PERIOD 1961-1975

- (i) IMMIGRANTS INTENDING TO JOIN LABOUR FORCE ACCOUNTED FOR 44% OF LABOUR FORCE GROWTH IN 1967, THE PEAK WITHIN THE PERIOD. THE PERCENTAGE WAS 28% IN 1974.
- (ii) TOTAL PARTICIPATION RATE HAS RISEN FROM 54.1% IN 1961 TO 58.8% IN 1975. INCREASE IN THE RATE IS HIGHER FOR:
- FEMALE'S (FROM 28.7% IN 1961 TO 40.9% IN 1975). THE MALE PARTICIPATION RATE, WHICH DECLINED FROM 79.8% TO 76.1% OVER 1961-1971, HAS REGISTERED INCREASE'S SINCE 1971 (77.2% IN 1975).
 - YOUTHS (FROM 49.2% IN 1961 TO 56.4% IN 1975), ESPECIALLY FEMALE YOUTHS (FROM 38.9% IN 1961 TO 48.7% IN 1975).

- b) CANADIAN LABOUR FORCE IS CHARACTERIZED BY HIGH DEGREE OF MOBILITY:

- (i) JOB SEPARATIONS ARE ONE INDICATION OF MOBILITY. IN 1974, SOME 6 MILLION JOB SEPARATIONS WERE REPORTED, OF WHICH ABOUT 2 MILLION RESULTED IN UI CLAIMS
- (ii) GEOGRAPHIC MOBILITY IS ALSO SIGNIFICANT. ABOUT 2% OF CANADIANS WORKING IN 1970 AND 1971 REPORTED A CHANGE IN THEIR PROVINCE OF RESIDENCE BETWEEN THE TWO YEARS. ABOUT 7% REPORTED A CHANGE IN THEIR MAILING ADDRESS. THE RATE OF GEOGRAPHIC MOBILITY IS HIGHER THAN 7% FOR THE 20-44 AGE GROUP, FOR THE UNMARRIED, FOR MALES, FOR PEOPLE IN AGRICULTURE, FORESTRY, MINING AND FINANCE AND FOR INDIVIDUALS EARNING LOW INCOMES
- (iii) COMPARED TO THE NATIONAL AVERAGE, THE MOBILITY RATE IS HIGHER FOR AGE GROUP 20-44, UNMARRIED INDIVIDUALS, MALES, WORKERS IN PRIMARY INDUSTRIES, CONSTRUCTION AND FINANCE AND FOR INDIVIDUALS IN THE LOW INCOME GROUPS.

CHANGES IN THE CANADIAN LABOUR MARKET

COMMENTS (Cont'd)

c) REFLECTING A HIGH DEGREE OF TECHNOLOGICAL CHANGE, THE PRODUCTIVITY OF CANADIAN WORKER HAS BEEN HIGH:

PRODUCTIVITY GROWTH (COMMERCIAL NON-AGRICULTURE SECTOR) OVER 1961-1975 WAS 4.9% ANNUALLY COMPARED TO 2.4% FOR UNITED STATES (1960-1974) FOR COMPARABLE SECTORS.

(2) CHANGING FACTORS IN THE CANADIAN LABOUR MARKET HAVE ALSO INCLUDED:

- a) SHIFT OF EMPLOYMENT TO THE SERVICE SECTOR, FROM 56% IN 1961 TO 65% IN 1975,
- b) LARGE INCREASES IN PART-TIME, TEMPORARY AND INTERMITTENT EMPLOYMENT. PART-TIME EMPLOYMENT ROSE FROM 9.5% OF TOTAL EMPLOYMENT IN 1966 TO 13.3% IN 1975:
 - (i) TWO-THIRDS OF ALL PART-TIME EMPLOYEES IN 1975 WERE FEMALES
 - (ii) REVISED LABOUR FORCE SURVEY REDEFINES PART-TIME EMPLOYMENT - IT IS NOW LESS THAN 30 HOURS AS OPPOSED TO LESS THAN 35 HOURS BEFORE,
- c) THE RURAL POPULATION FELL FROM 30% IN 1961 TO 24% IN 1971 AS THE URBAN POPULATION ROSE FROM 70% IN 1961 TO 76% IN 1971.

CHANGES IN THE CANADIAN LABOUR MARKET

COMMENTS (CONT'D)

- (3) THERE HAVE BEEN NEW ATTITUDES AND BEHAVIOUR PATTERNS IN CANADIAN SOCIETY:
- a) RISING EXPECTATIONS - IN PARTICULAR, RECENT HIGH WAGE INCREASES HAVE EXCEEDED PRODUCTIVITY INCREASES: IN 1974, WAGE SETTLEMENTS PROVIDED FOR INCREASES IN BASE RATES AVERAGING 14.2% A YEAR OVER THE LIFE OF THE CONTRACTS IN CANADA, COMPARED TO 7.3% IN U.S. THERE WAS A DECREASE (-0.5%) IN PRODUCTIVITY AND AN INCREASE (11%) IN PRICES IN 1974;
 - b) INCREASING EMPHASIS ON SELF-FULFILLMENT;
 - c) COMMITMENT TO WORK ETHIC, BUT WITH CHOOSINESS ABOUT JOBS;
 - d) RELUCTANCE TO WORK AT TRADITIONAL WAGE LEVELS AND IN UNFAVOURABLE WORKING CONDITIONS. THE FEDERAL MINIMUM WAGE AS A PROPORTION OF AVERAGE HOURLY EARNINGS IN MANUFACTURING IN 1974 WAS 60% COMPARED TO 52% FOR THE U.S.
- (4) THESE VARIOUS FACTORS HAVE HAD BOTH POSITIVE AND NEGATIVE EFFECTS. THE LATTER HAVE CONTRIBUTED TO DISTORTIONS IN THE OPERATIONS OF THE CANADIAN LABOUR MARKET:
- a) COEXISTENCE OF RELATIVELY HIGH LEVELS OF UNEMPLOYMENT WITH UNFILLED VACANCIES - AN AVERAGE OF 92 THOUSAND FULL-TIME VACANCIES IN 1974 COMPARED WITH 525 THOUSAND UNEMPLOYED;
 - b) CHRONICALLY HIGH AND WORSENING UNEMPLOYMENT RATES FOR SOME REGIONS: THE NEWFOUNDLAND UNEMPLOYMENT RATE IN 1967 WAS 8.4%, COMPARED TO 4.1% FOR CANADA. IN 1975, THE NEWFOUNDLAND RATE WAS 18.2% VS. 7.1% FOR CANADA.

CHANGES IN THE CANADIAN LABOUR MARKET

COMMENTS (CONT'D)

- c) HEAVY INFLOW OF WOMEN AND YOUTHS IN THE LABOUR FORCE WHOSE SKILLS DO NOT ADEQUATELY MATCH THE INCREASING DEMAND FOR NEW SKILLS. THIS HAS RESULTED IN PERSENTLY HIGH UNEMPLOYMENT RATES FOR YOUTHS AND INCREASING UNEMPLOYMENT RATES FOR WOMEN:
 - (i) IN 1975, YOUNG ADULTS (UNDER 25) ACCOUNTED FOR 49% OF ALL THE UNEMPLOYED WHILE THEIR SHARE IN LABOUR FORCE WAS ONLY 28%
 - (ii) THE UNEMPLOYMENT RATE FOR FEMALES IS COMING CLOSER TO THE RATE FOR MALES: IN 1961, THE FEMALE UNEMPLOYMENT RATE WAS 3.7% COMPARED TO THE 8.4% RATE FOR MALES. BY 1975, THE RATES WERE 6.4% AND 7.4% RESPECTIVELY. UNDER THE REVISED LABOUR FORCE SURVEY, THE FEMALE RATE WILL EVEN BE HIGHER;
 - (iii) THE RISE IN THE UNEMPLOYMENT RATE FOR MARRIED FEMALES (FROM 2.3% IN 1961 TO 3.7% IN 1974) IS SHARPER THAN FOR SINGLE FEMALES (FROM 5.3% TO 7.0% OVER THE SAME PERIOD).
- d) HIGH INCIDENCE OF STRIKE ACTIVITY AND RECORD LEVELS OF MAN DAYS LOST. MAN DAYS LOST INCREASED SEVENFOLD, FROM 1.3 MILLION IN 1961 TO 9.2 MILLION IN 1974, WHILE THE LABOUR FORCE WENT UP BY 48% DURING THE SAME PERIOD.

CANADIAN LABOUR MARKET AND THE UI PROGRAM

IMPLICATIONS

- (1) THE CANADIAN LABOUR MARKET IS EXPERIENCING RAPID GROWTH, SIGNIFICANT COMPOSITIONAL SHIFTS, AN APPARENT VACANCY - UNEMPLOYMENT PARADOX AND IS SUBJECT TO THE VAGARIES OF THE EXPORT SECTOR. THIS POSES SERIOUS CHALLENGES FOR UI AND OTHER POLICIES ATTEMPTING TO OPTIMIZE THE PRODUCTIVE USE OF CANADIAN HUMAN RESOURCES.
- (2) IN PARTICULAR, THE CONTINUED GROWTH OF SECONDARY INCOME EARNERS WITH UNSTABLE EMPLOYMENT PATTERNS IS LIKELY TO GENERATE UNEXPECTED INCREASES IN UI BENEFIT EXPENDITURES. TO THE EXTENT THAT A SERIOUS MISMATCH BETWEEN SUPPLY AND DEMAND EXISTS, CONTROL OF THE UI PROGRAM BECOMES MORE DIFFICULT.
- (3) MACRO-ECONOMIC POLICIES FOR STIMULATING THE ECONOMY AND REDUCING UNEMPLOYMENT COULD RESULT IN INCREASED INFLATION.

CANADIAN LABOUR MARKET AND THE UI PROGRAM

IMPLICATIONS (CONT'D)

- (4) THIS EMPHASIZES THE IMPORTANCE OF THE GOVERNMENT'S EMPLOYMENT STRATEGY WITH ITS GREATER RELIANCE ON MANPOWER POLICIES OF PLACEMENT, COUNSELLING, TRAINING, JOB CREATION AND MOBILITY WITHIN AN OVERALL FRAMEWORK FOR OPTIMUM DEVELOPMENT AND UTILIZATION OF CANADA'S HUMAN RESOURCES.
- (5) THE DILEMMA OF THE TWIN OBJECTIVES OF UI: THE GREATER THE INCOME PROTECTION AFFORDED BY THE UI PROGRAM, THE LOWER THE INCENTIVES TO BE REABSORBED INTO WORK. THE PROBLEM IS TO FIND THE APPROPRIATE BALANCE BETWEEN THESE TWO OBJECTIVES IN THE CHANGING CIRCUMSTANCES OF THE CANADIAN LABOUR MARKET. THE APPROPRIATE BALANCE WILL HAVE TO BE WORKED OUT IN THE CONTEXT OF INTERFACES WITH PROPOSED INCOME SUPPORT/SUPPLEMENTATION SCHEMES AND EVOLVING MANPOWER POLICIES AND PROGRAMS.

PROFILE
OF
CLAIMANTS

PROFILE
OF
CLAIMANTS

OUTLINE OF PRESENTATION

SEPARATION FROM EMPLOYMENT

LABOUR FORCE AND UI BENEFICIARIES BY REGION, 1974

MARGINAL ATTACHMENT CLAIMANTS (811 WEEKERS)

UI AND LABOUR FORCE: COMPARISON BY SEX/DEPENDENCY AND AGE CHARACTERISTICS, 1974

DURATION ON CLAIM, 1974

COMPARISONS OF DURATION, ENTITLEMENT AND UTILIZATION

EXHAUSTEES

REPEATERS

PART-TIME WORKERS

IMPLICATIONS OF THE DATA AND THEIR RELATIONSHIP TO LEGISLATIVE AMENDMENTS ARE INCLUDED.

PROFILE OF UI CLAIMANTS

PRESENTATION OBJECTIVES

- (1) TO PROVIDE A STATISTICAL PICTURE OF UI CLAIMANTS AS A BACKGROUND FOR AN ANALYSIS OF THE IMPACT OF THE UI PROGRAM;

PROFILE OF UI CLAIMANTS

PRESENTATION OBJECTIVES (CONT'D)

- (2) TO PROVIDE A BASIS FOR DISCUSSION OF LEGISLATIVE AMENDMENTS.

SEPARATION FROM (INSURED) EMPLOYMENT
(JANUARY TO JUNE, 1974)

<u>REASON</u>	<u>TOTAL</u> %	<u>UI CLAIMANTS</u> %	<u>NON CLAIMANTS</u> %
LAYOFF (WORK SHORTAGE)	27.7	40.1	24.2
VOLUNTARY QUIT	41.3	21.0	47.2
LABOUR DISPUTE	1.7	1.5	1.8
RETURN TO SCHOOL	1.0	0.7	1.0
ILLNESS OR INJURY	4.7	10.2	3.1
PREGNANCY	2.0	6.2	0.8
RETIREMENT	0.9	1.7	0.7
OTHER REASONS	20.7	18.6	21.2
TOTAL	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

SOURCE: SAMPLE OF 8,521 RECORDS OF EMPLOYMENT,
JANUARY TO JUNE, 1974

SEPARATION FROM (INSURED) EMPLOYMENT
(JANUARY TO JUNE, 1974)

COMMENTS

- (1) FOR EVERY 10 SEPARATIONS, 3 WERE DUE TO LAYOFF (SHORTAGE OF WORK) AND 4 TO VOLUNTARY QUIT.
- (2) 21% OF CLAIMANTS QUIT THEIR JOBS VOLUNTARILY AND THERE IS EVIDENCE TO INDICATE THAT APPROXIMATELY TWO-THIRDS DID SO WITHOUT JUST CAUSE.
- (3) FOR CLAIMANTS, THE MOST COMMON REASON FOR SEPARATION WAS LAYOFF DUE TO WORK SHORTAGE (40 PERCENT).
- (4) FOR NON-CLAIMANTS, VOLUNTARY QUITTERS ACCOUNTED FOR 47 PERCENT OF SEPARATIONS. THIS WAS MAINLY ATTRIBUTABLE TO NORMAL JOB TURNOVER.
- (5) ONE-THIRD OF THOSE LAID OFF DUE TO WORK SHORTAGE ACTUALLY CLAIMED UI BENEFITS WHILE ONLY ONE IN TEN VOLUNTARY QUITTERS FILED CLAIMS (NOT SHOWN IN TABLE).

IMPLICATIONS:

THAT ONE IN FIVE CLAIMANTS QUIT THEIR EMPLOYMENT VOLUNTARILY INDICATES THE NEED FOR A CAREFUL SCRUTINY OF THESE CASES.

NOTE:

BILL C-69 INCREASED THE MAXIMUM POSSIBLE DISQUALIFICATION PERIOD FROM 3 TO 6 WEEKS.

LABOUR FORCE AND UI BENEFICIARIES BY REGION

(1974)

<u>REGION</u>	<u>LABOUR FORCE</u> (%)	<u>BENEFICIARIES</u> (%)
ATLANTIC	8.0	16.8
QUEBEC	27.1	36.4
ONTARIO	38.0	27.2
PRAIRIE	15.9	7.1
PACIFIC	11.0	12.5
TOTAL	100.0	100.0

SOURCES: - STATISTICS CANADA PUBLICATION
 - UIC ADMINISTRATIVE DATA ON REGULAR BENEFICIARIES WITH NO REPORTED EARNINGS

LABOUR FORCE AND UI BENEFICIARIES BY REGION

(1974)

OBSERVATIONS

- (1) THE ATLANTIC, QUEBEC AND PACIFIC REGIONS ALL HAD A LARGER PROPORTION OF THE 1974 AVERAGE MONTHLY BENEFICIARY COUNT THAN OF THE LABOUR FORCE. THIS IS PARTICULARLY CLEAR IN THE ATLANTIC REGION, WHERE THE SHARE OF BENEFICIARIES WAS MORE THAN DOUBLE THAT OF THE LABOUR FORCE (16.8% VERSUS 8.0%).
- (2) THE REVERSE SITUATION APPLIES IN THE ONTARIO AND PRAIRIE REGIONS.

MARGINAL ATTACHMENT CLAIMANTS

8-11 WEEKERS AS COMPARED WITH 12 OR MORE WEEKERS
BY SEX, AGE, AVERAGE BENEFIT RATE AND AVERAGE DURATION

8-11 INSURED WEEKS 12 OR MORE INSURED WEEKS

<u>AVERAGE AGE (YEARS)</u>		<u>1973</u>	<u>1974</u>	<u>1973</u>	<u>1974</u>
MALES		30.3	29.9	35.1	34.5
FEMALES		30.9	30.6	33.4	33.1
TOTAL		<u>30.5</u>	<u>30.2</u>	<u>34.5</u>	<u>34.0</u>
<u>AVERAGE BENEFIT RATE PER WEEK (\$)</u>					
MALES		74	82	83	91
FEMALES		50	57	57	64
TOTAL		<u>66</u>	<u>73</u>	<u>73</u>	<u>81</u>
<u>AVERAGE DURATION*</u>					
MALES		16.8	17.0	16.5	15.8
FEMALES		18.7	18.0	21.0	18.6
TOTAL		<u>17.5</u>	<u>17.4</u>	<u>18.0</u>	<u>16.8</u>

*"DURATION" IS DEFINED AS THE NUMBER OF WEEKS IN WHICH SOME BENEFIT WAS PAID IN RESPECT OF REGULAR CLAIMS TERMINATED IN THE REFERENCE YEAR

SOURCE: UI ADMINISTRATIVE DATA

MARGINAL ATTACHMENT CLAIMANTS

8-11 WEEKERS AS COMPARED WITH 12 OR MORE WEEKERS
BY SEX, AGE, AVERAGE BENEFIT RATE AND AVERAGE DURATION

COMMENTS

- (1) AS A PROPORTION OF ALL REGULAR CLAIMS, MARGINAL ATTACHMENT CLAIMS WERE 12.4% IN 1973 AND 12.6% IN 1974 (NOT SHOWN IN TABLE).
- (2) THE AVERAGE AGE OF MARGINAL ATTACHMENT CLAIMANTS HAS BEEN CONSISTENTLY LOWER THAN FOR 12+ WEEKERS.
- (3) THE AVERAGE RATE OF WEEKLY BENEFIT HAS REMAINED CONSISTENTLY LOWER FOR MARGINAL ATTACHMENT CLAIMS THAN FOR 12+ WEEKERS.
- (4) FOR BOTH MARGINAL ATTACHMENT CLAIMANTS AND 12+ WEEKERS, THE AVERAGE DURATION OF BENEFIT IS CONSISTENTLY HIGHER FOR FEMALES. MOREOVER, THE AVERAGE DURATION OF BENEFIT FOR FEMALES IS HIGHER FOR THE 12+ WEEKERS THAN FOR THE MARGINALLY ATTACHED CLAIMANTS. THE REVERSE IS TRUE FOR MALES.

MARGINAL ATTACHMENT CLAIMS
WITH NON-RESCINDED DISQUALIFICATIONS
FOR VOLUNTARY QUITTING
WITHOUT JUST CAUSE

	<u>8 - 11 WEEKS</u>			<u>12 OR MORE WEEKS</u>		
<u>1973</u>	<u>NO DEPS.</u>	<u>DEPS.</u>	<u>TOTAL</u>	<u>NO DEPS.</u>	<u>DEPS.</u>	<u>TOTAL</u>
	%	%	%	%	%	%
MALE	<u>13.3</u>	<u>7.5</u>	11.6	<u>15.5</u>	<u>8.1</u>	<u>12.1</u>
FEMALE	11.8	16.4	<u>12.1</u>	19.7	20.9	<u>19.8</u>
TOTAL	12.7	8.3	<u>11.8</u>	17.6	8.9	<u>14.9</u>
<u>1974</u>						
MALE	<u>13.4</u>	<u>7.0</u>	11.6	<u>14.6</u>	<u>7.7</u>	11.6
FEMALE	10.8	12.9	<u>10.9</u>	17.4	19.6	<u>17.5</u>
TOTAL	12.3	7.5	<u>11.3</u>	16.0	8.4	<u>13.7</u>

NOTE: THE DISQUALIFICATION RATE FOR VOLUNTARY QUITTING FOR ALL REGULAR CLAIMS WAS 14.5% IN 1973 AND 13.4% IN 1974

SOURCE: UIC ADMINISTRATIVE DATA

MARGINAL ATTACHMENT CLAIMS
WITH NON-RESCINDED DISQUALIFICATIONS
FOR VOLUNTARY QUITTING
WITHOUT JUST CAUSE

COMMENTS

- (1) THE CRITICAL VARIABLE FOR THE INCIDENCE OF VOLUNTARY QUITTING FOR MALES IS DEPENDENCY STATUS IN BOTH YEARS. THE NUMBER OF INSURED WEEKS IS NOT A SIGNIFICANT FACTOR. MALES WITHOUT DEPENDENTS HAVE A SIGNIFICANTLY HIGHER INCIDENCE OF VOLUNTARY QUITTING THAN THOSE WITH DEPENDENTS.
- (2) IN THE CASE OF FEMALES, THE CRITICAL VARIABLE IS THE NUMBER OF INSURED WEEKS. IN BOTH YEARS, DISQUALIFICATIONS FOR VOLUNTARY QUITTING FOR FEMALES WITH 12 OR MORE WEEKS IS SIGNIFICANTLY HIGHER THAN THOSE WITH 8 - 11 WEEKS.
- (3) A MARGINAL INCREASE IN THE INCIDENCE OF VOLUNTARY QUITTING IS OBSERVED IN 1974 COMPARED TO 1973.

MARGINAL ATTACHMENT CLAIMS

WITH NON-RESCINDED DISQUALIFICATIONS AND/OR DISENTITLEMENTS FOR NON-AVAILABILITY, REFUSAL OF WORK AND/OR INADEQUATE JOB SEARCH

(1973 & 1974)

	8 - 11 WEEKS			12 OR MORE WEEKS		
	NO DEPS. %	DEPS. %	TOTAL %	NO DEPS. %	DEPS. %	TOTAL %
1973						
MALE	14.8	8.9	13.1	13.0	8.1	10.8
FEMALE	23.4	25.3	23.5	29.6	26.2	29.4
TOTAL	18.4	10.4	16.7	21.3	9.3	17.5
1974						
MALE	15.8	9.0	13.9	14.4	8.3	11.7
FEMALE	23.3	26.9	23.5	29.9	27.8	29.8
TOTAL	19.0	10.3	17.3	22.0	9.4	18.3

NOTE: THE DISQUALIFICATION/DISENTITLEMENT RATE FOR ALL REGULAR CLAIMS WAS
17.4% IN 1973 AND 18.1% IN 1974

SOURCE: UIC ADMINISTRATIVE DATA

MARGINAL ATTACHMENT CLAIMS

WITH NON-RESCINDED DISQUALIFICATIONS
AND/OR DISENTITLEMENTS
FOR NON-AVAILABILITY, JOB REFUSAL
AND/OR INADEQUATE JOB SEARCH

COMMENTS

- (1) FEMALES HAVE A SIGNIFICANTLY HIGHER INCIDENCE OF DISQUALIFICATION AND DISENTITLEMENT THAN MALES, REGARDLESS OF INSURED WEEKS AND DEPENDENCY STATUS.
- (2) FOR MALES, THE INCIDENCE OF DISQUALIFICATION AND DISENTITLEMENT IS SIGNIFICANTLY HIGHER FOR THOSE WITH NO DEPENDENTS COMPARED TO THOSE WITH DEPENDENTS.
- (3) MALES WITH 8 TO 11 INSURED WEEKS IN BOTH YEARS HAVE A HIGHER RATE OF DISQUALIFICATION THAN THOSE WITH 12 OR MORE INSURED WEEKS. ON THE OTHER HAND, FEMALES WITH 12 OR MORE WEEKS HAVE A HIGHER INCIDENCE OF DISQUALIFICATION AND DISENTITLEMENT THAN THOSE WITH 8 TO 11 INSURED WEEKS.
- (4) THERE IS SOME INCREASE IN THE INCIDENCE OF DISQUALIFICATION AND DISENTITLEMENT IN 1974 COMPARED TO 1973.

UI AND LABOUR FORCE COMPARED
BY SEX/DEPENDENCY AND AGE CHARACTERISTICS

(1974)

CHARACTERISTICS	LABOUR FORCE	ACTIVE CLAIMS
<u>SEX/DEPENDENCY</u>	(%)	(%)
MALES:		
DEPENDENTS	N / A	26.8
NO DEPENDENTS	N / A	37.0
TOTAL	65.6	63.8
FEMALES:		
DEPENDENTS	N / A	1.7
NO DEPENDENTS	N / A	34.5
TOTAL	34.4	36.2
<u>AGE (YEARS)</u>	(%)	(%)
UNDER 25	27.7	35.6
25 - 44	43.1	41.0
45 - 64	27.4	21.2
65 AND OVER	1.8	2.2
	100.0	100.0

SOURCE: STATISTICS CANADA PUBLICATIONS, UIC ADMINISTRATIVE DATA

UI AND LABOUR FORCE COMPARED
BY SEX/DEPENDENCY AND AGE CHARACTERISTICS

(1974)

COMMENTS

- (1) MALES REPRESENT A LARGER PROPORTION OF THE LABOUR FORCE THAN THEY DO OF ACTIVE CLAIMS. THE REVERSE IS TRUE FOR FEMALES.
- (2) YOUTHS AND TEENAGERS (UP TO 24 YEARS) AND OLDER PEOPLE (65 YEARS AND OVER) COMPRISE A LARGER SHARE OF THE CLAIMLOAD (AT 35.6% AND 2.2%) THAN THEY DO OF THE LABOUR FORCE (AT 27.7% AND 1.8%).
- (3) ABOUT 72% OF ACTIVE CLAIMS DO NOT REPORT HAVING DEPENDENTS; MORE THAN 50% OF THESE ARE MALES.
- (4) OVER 95% OF FEMALE ACTIVE CLAIMS DO NOT REPORT DEPENDENTS. THE 1974 RANDOM SAMPLE OF CLAIMANTS INDICATED THAT JUST OVER THREE-QUARTERS OF THESE ARE SECONDARY EARNERS.

DURATION ON CLAIM
(1973-74)
BY GEOGRAPHICAL REGION

<u>REGION</u>	1973		1974	
	<u>DURATION*</u> <u>ON CLAIM</u> (WEEKS)	<u>UNEMPLOYMENT</u> <u>RATE</u> (%)	<u>DURATION*</u> <u>ON CLAIM</u> (WEEKS)	<u>UNEMPLOYMENT</u> <u>RATE</u> (%)
CANADA	18.0	5.6	16.8	5.4
ATLANTIC	22.5	8.9	21.8	9.7
QUEBEC	19.4	7.4	18.9	7.3
ONTARIO	16.2	4.0	14.8	4.1
PRAIRIE	15.5	3.9	12.3	2.8
PACIFIC	17.6	6.5	16.3	6.0

NOTE: *DURATION IS DEFINED AS THE NUMBER OF WEEKS IN WHICH SOME BENEFIT WAS PAID IN RESPECT OF REGULAR CLAIMS TERMINATED IN THE REFERENCE YEAR

SOURCE: STATISTICS CANADA PUBLICATION, UIC ADMINISTRATIVE DATA

DURATION ON CLAIM
(1973-74)
BY GEOGRAPHICAL REGION

COMMENTS

- (1) DURATION ON CLAIM DECREASED BY 6.7% FROM 18.0 WEEKS IN 1973 TO 16.8 WEEKS IN 1974 NATIONALLY, WHILE THE UNEMPLOYMENT RATE FELL BY 3.6% OVER THE SAME PERIOD. THIS MAY, AT LEAST IN PART, REFLECT INCREASED EFFECTIVENESS OF ADMINISTRATIVE CONTROL PROGRAMS.
- (2) IN THE PRAIRIE AND PACIFIC REGIONS, DURATION OF CLAIM AND THE UNEMPLOYMENT RATE BOTH DECLINED BETWEEN 1973 AND 1974.

IN THE QUEBEC AND ONTARIO REGIONS, WHILE THE UNEMPLOYMENT RATE STAYED RELATIVELY CONSTANT, THE DURATION ON CLAIM DECLINED.

IN THE ATLANTIC REGION, THERE WAS A SIGNIFICANT DECLINE IN DURATION DESPITE AN INCREASE IN THE UNEMPLOYMENT RATE.
- (3) WITHIN EACH YEAR, DURATION ON CLAIM VARIED DIRECTLY WITH THE UNEMPLOYMENT RATE: THE ATLANTIC, QUEBEC AND PACIFIC REGIONS RECORDED RELATIVELY HIGHER DURATIONS THAN THE LOWER UNEMPLOYMENT REGIONS OF ONTARIO AND THE PRAIRIES.

DURATION ON CLAIM
(1973-74)
BY SELECTED CHARACTERISTICS

CHARACTERISTICS	1973		1974	
	DURATIONS* (WEEKS)	UNEMPLOY- MENT RATE %	DURATION* (WEEKS)	UNEMPLOY- MENT RATE %
ALL REGULAR CLAIMS	18.0	5.6	16.8	5.4
AGE (YEARS)				
UNDER 25	16.5	10.0	15.3	9.6
25-44	17.6	4.1	16.5	4.0
45-64	19.6	} 3.8	18.7	} 3.5
65 AND OVER	30.6		28.8	
SEX				
MALE	16.5	5.9	15.9	5.7
FEMALE	20.7	5.1	18.5	4.9
DEPENDENCY STATUS				
DEPENDENTS	16.4	N/A	15.9	N/A
NO DEPENDENTS	18.6	N/A	17.2	N/A

*DURATION IS DEFINED AS THE NUMBER OF WEEKS IN WHICH SOME BENEFIT WAS PAID IN RESPECT OF REGULAR CLAIMS TERMINATED IN THE REFERENCE YEAR

SOURCE: STATISTICS CANADA PUBLICATIONS, UI ADMINISTRATIVE DATA

DURATION ON CLAIM
(1973-74)
BY SELECTED CHARACTERISTICS

COMMENTS

- (1) DURATION ON CLAIM VARIED DIRECTLY WITH THE BROAD AGE GROUPS IN BOTH 1973 AND 1974, WITH THOSE 65 YEARS AND OVER RECORDING DURATIONS OF 30.6 WEEKS IN 1973 AND 28.8 WEEKS IN 1974.
- (2) BETWEEN THE TWO YEARS, DURATION ON CLAIM DECREASED FOR ALL AGE GROUPS.
- (3) FEMALES ON THE AVERAGE REMAINED ON CLAIM MUCH LONGER THAN MALES.
- (4) CLAIMANTS WITHOUT DEPENDENTS (72% OF ALL CLAIMANTS, OVER HALF OF WHOM WERE MALES IN 1974) REMAINED ON CLAIM LONGER THAN THOSE WITH DEPENDENTS IN BOTH YEARS.

IMPLICATIONS:

MAJOR AREAS OF CONCERN OVER DURATION CENTRE UPON THE UPPER AGE GROUPS, FEMALES AND CLAIMANTS REPORTING NO DEPENDENTS.

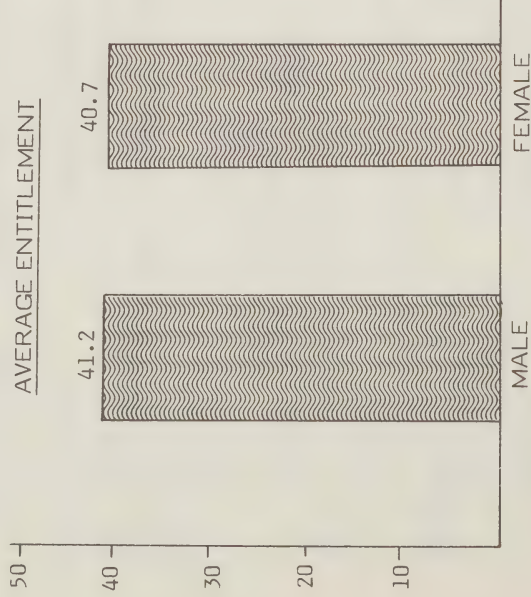
NOTE:

BILL C-69 ELIMINATED COVERAGE OF THOSE 65 AND OVER.

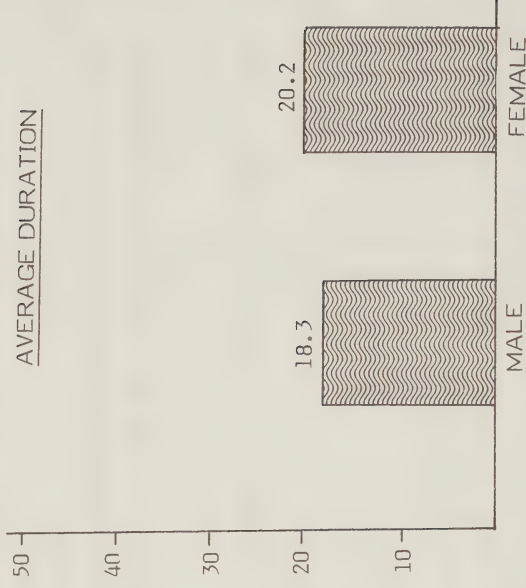
COMPARISONS OF DURATION, ENTITLEMENT AND UTILIZATION

BY SEX

ENTITLEMENT
WEEKS



BENEFIT
WEEKS

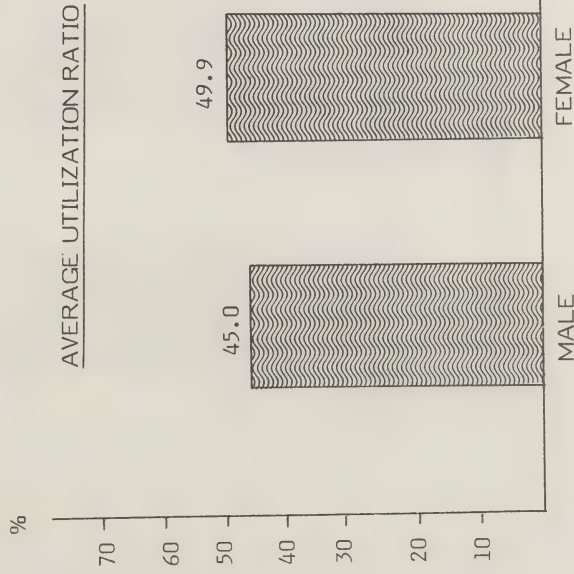


NOTE: STATISTICS BASED ON A SAMPLE OF REGULAR CLAIMS WHICH BEGAN IN 1974 AND TERMINATED SOME TIME IN 1974 OR 1975. THIS MEASURE DIFFERS SLIGHTLY FROM DURATION STATISTICS BASED ON TERMINATED CLAIMS IN A PARTICULAR YEAR.

COMPARISONS OF DURATION, ENTITLEMENT AND UTILIZATION

BY SEX

DURATION
ENTITLEMENT



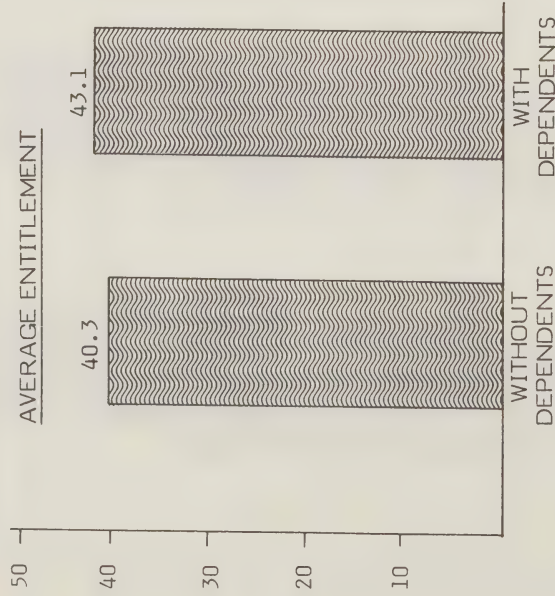
COMMENTS

- (1) ON AVERAGE, MALES AND FEMALES WERE BOTH ENTITLED TO APPROXIMATELY 41 WEEKS OF BENEFITS.
- (2) FEMALES EXPERIENCED A LONGER AVERAGE DURATION, RESULTING IN A HIGHER AVERAGE UTILIZATION OF BENEFIT ENTITLEMENT (49.9% VS 45.0%).

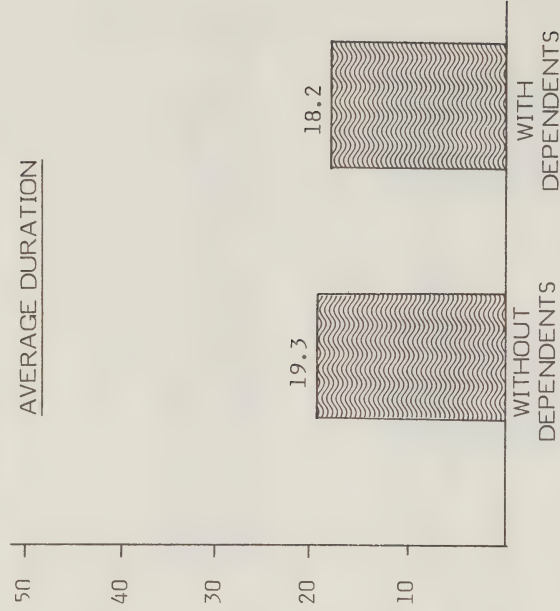
COMPARISONS OF DURATION, ENTITLEMENT AND UTILIZATION

BY DEPENDENCY STATUS

ENTITLEMENT WEEKS



BENEFIT WEEKS



NOTE: STATISTICS BASED ON A SAMPLE OF REGULAR CLAIMS WHICH BEGAN IN 1974 AND TERMINATED SOME TIME IN 1974 OR 1975. THIS MEASURE DIFFERS SLIGHTLY FROM DURATION STATISTICS BASED ON TERMINATED CLAIMS IN A PARTICULAR YEAR.

COMPARISONS OF DURATION, ENTITLEMENT AND UTILIZATION

BY DEPENDENCY STATUS

DURATION
ENTITLEMENT

AVERAGE UTILIZATION RATIO

%

70

60

50

48.3

42.8

40

30

20

10

WITHOUT
DEPENDENTS

WITH
DEPENDENTS

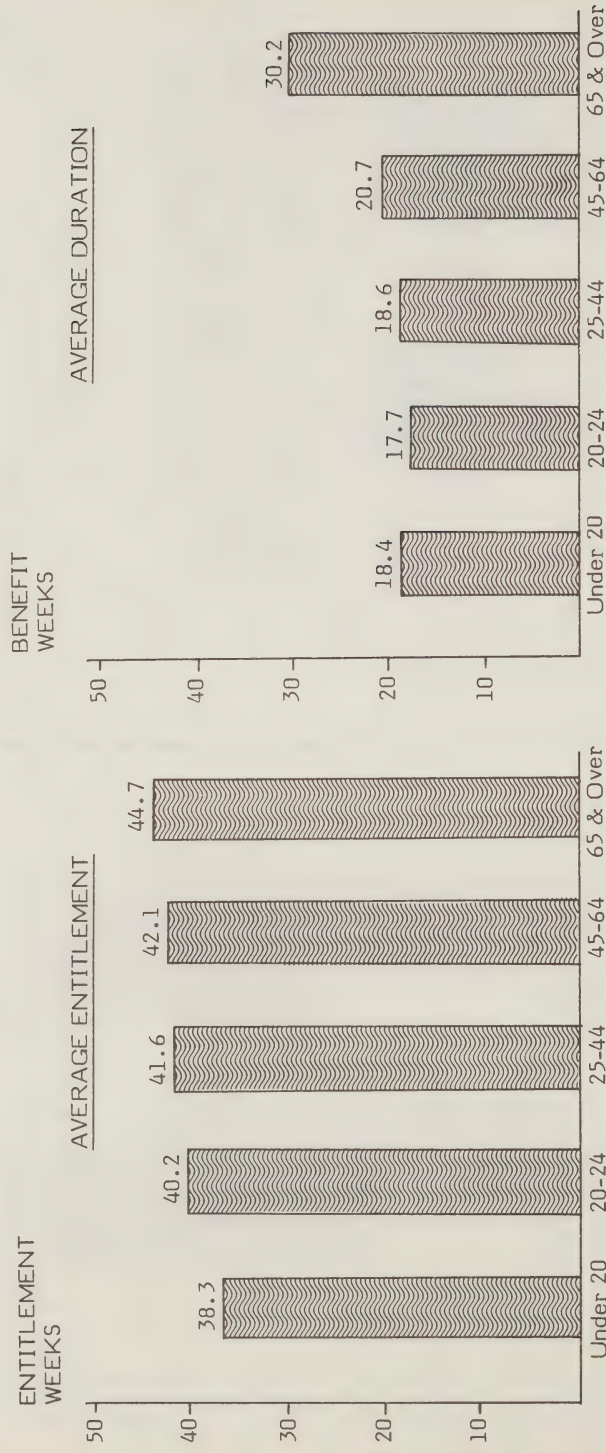
COMMENTS

(1) CLAIMANTS WITHOUT DEPENDENTS HAD SLIGHTLY SHORTER AVERAGE BENEFIT ENTITLEMENTS THAN THOSE WITH DEPENDENTS.

(2) BECAUSE CLAIMANTS WITHOUT DEPENDENTS HAD SLIGHTLY LONGER AVERAGE BENEFIT DURATIONS, THE AVERAGE UTILIZATION OF ENTITLEMENT FOR CLAIMANTS WITHOUT DEPENDENTS IS SIGNIFICANTLY HIGHER THAN FOR CLAIMANTS WITH DEPENDENTS.

COMPARISONS OF DURATION, ENTITLEMENT AND UTILIZATION

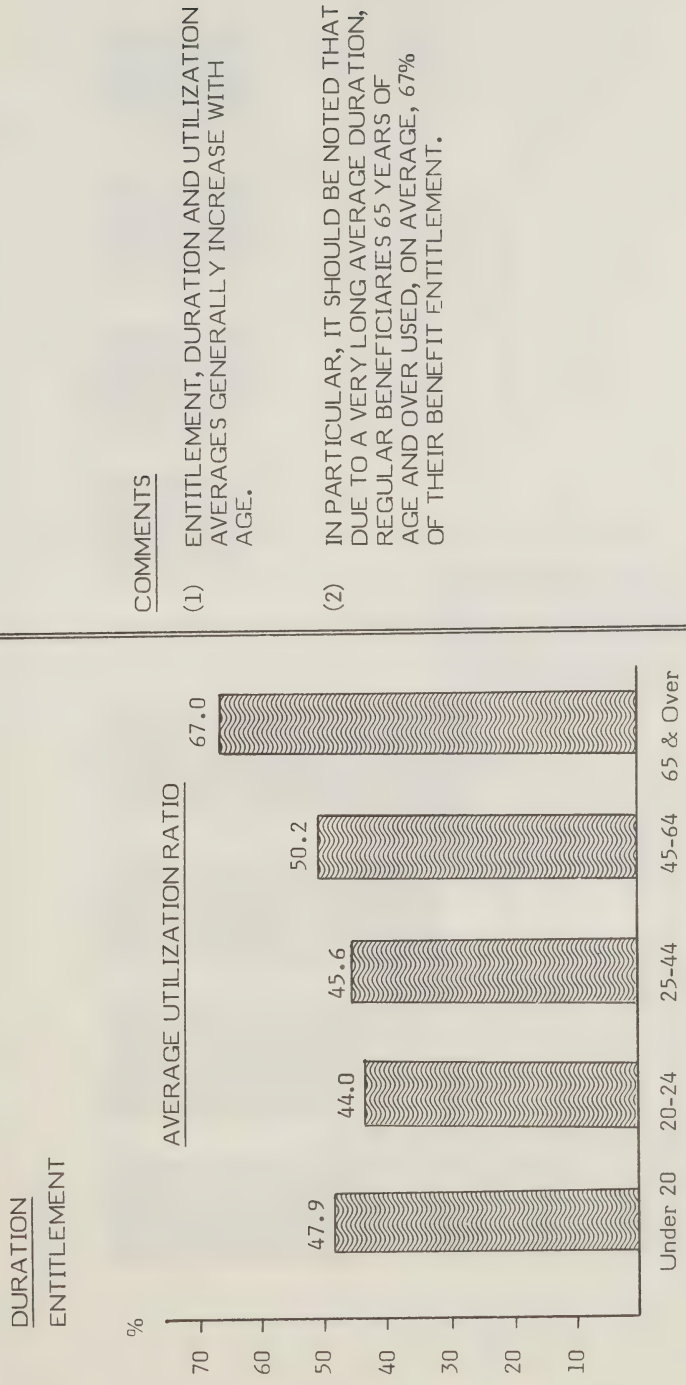
BY AGE



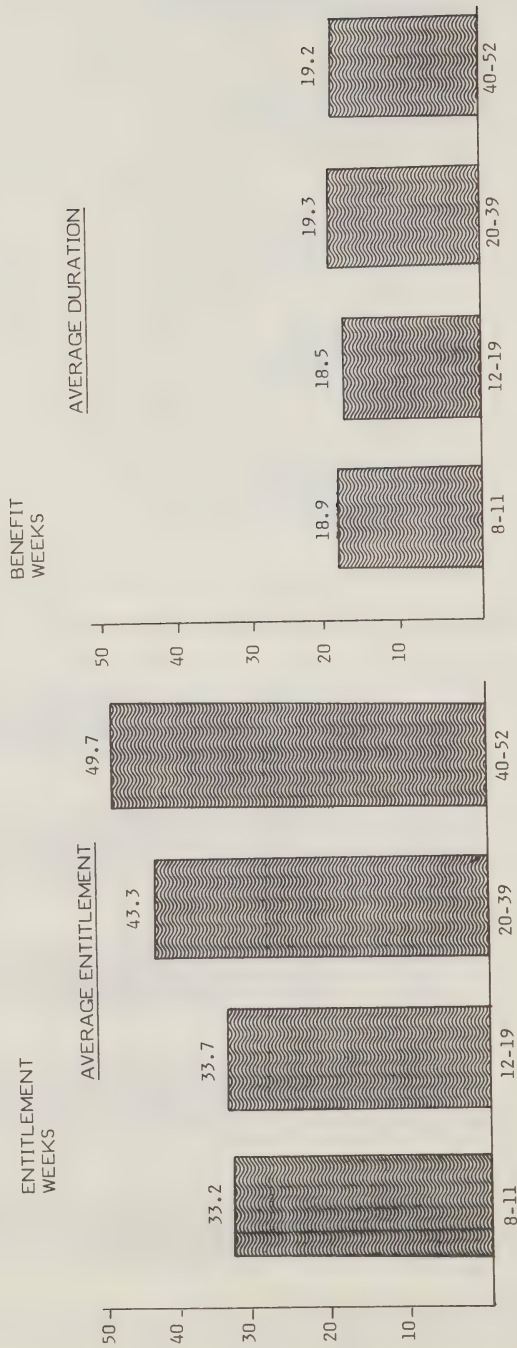
NOTE: STATISTICS BASED ON A SAMPLE OF REGULAR CLAIMS WHICH BEGAN IN 1974 AND TERMINATED SOME TIME IN 1974 OR 1975. THIS MEASURE DIFFERS SLIGHTLY FROM DURATION STATISTICS BASED ON TERMINATED CLAIMS IN A PARTICULAR YEAR.

COMPARISONS OF DURATION, ENTITLEMENT AND UTILIZATION

BY AGE



COMPARISONS OF DURATION, ENTITLEMENT AND UTILIZATION BY INSURED WEEKS



NOTE: STATISTICS BASED ON A SAMPLE OF REGULAR CLAIMS WHICH BEGAN IN 1974 AND TERMINATED SOME TIME IN 1974 OR 1975. THIS MEASURE DIFFERS SLIGHTLY FROM DURATION STATISTICS BASED ON TERMINATED CLAIMS IN A PARTICULAR YEAR.

COMPARISONS OF DURATION, ENTITLEMENT AND UTILIZATION

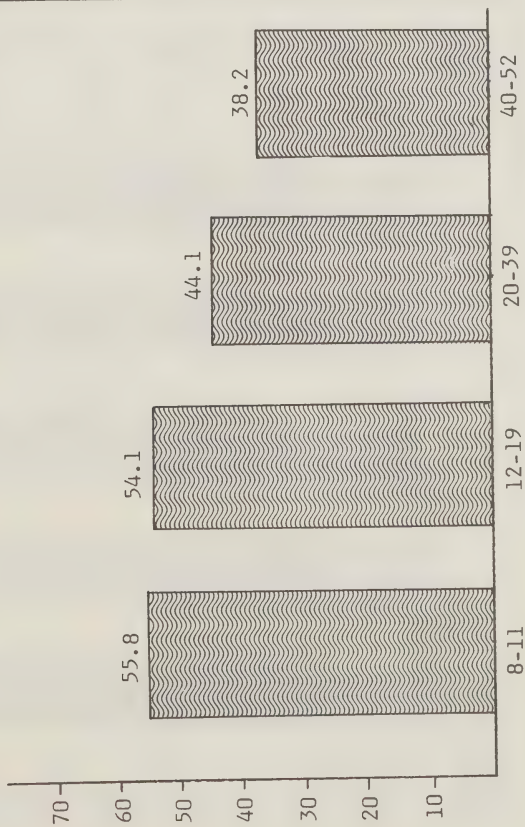
BY INSURED WEEKS

DURATION

ENTITLEMENT

AVERAGE UTILIZATION RATIO

%

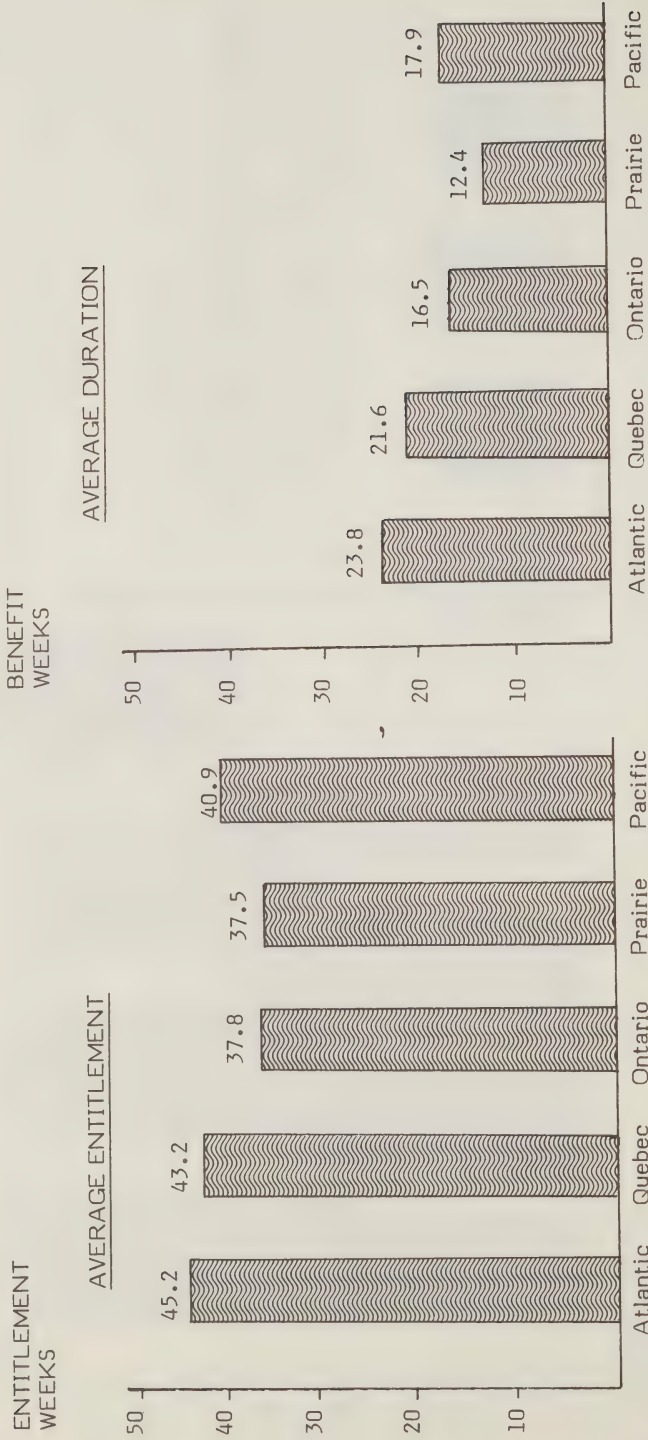


COMMENTS:

- (1) THE BENEFIT STRUCTURE IS DESIGNED IN SUCH A WAY THAT CLAIMANTS WITH LONGER TERM ATTACHMENT RECEIVE LONGER BENEFIT ENTITLEMENTS.
- (2) BECAUSE AVERAGE DURATIONS BY INSURED WEEKS ARE APPROXIMATELY EQUAL, IT FOLLOWS THAT THE RATE OF ENTITLEMENT UTILIZATION IS GREATER FOR THOSE WITH SHORTER TERM LABOUR FORCE ATTACHMENT.

COMPARISONS OF DURATION, ENTITLEMENT AND UTILIZATION

BY REGION

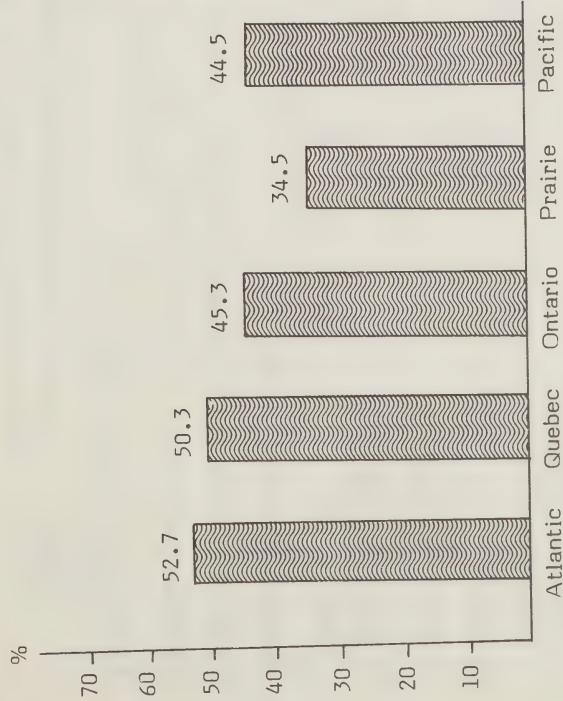


NOTE: STATISTICS BASED ON A SAMPLE OF REGULAR CLAIMS WHICH BEGAN IN 1974 AND TERMINATED SOME TIME IN 1974 OR 1975. THIS MEASURE DIFFERS SLIGHTLY FROM DURATION STATISTICS BASED ON TERMINATED CLAIMS IN A PARTICULAR YEAR.

COMPARISONS OF DURATION, ENTITLEMENT AND UTILIZATION

BY REGION

DURATION
ENTITLEMENT



COMMENTS:

- (1) THE BENEFIT STRUCTURE IS DESIGNED SO THAT REGIONS EXPERIENCING HIGH UNEMPLOYMENT RECEIVE LONGER ENTITLEMENTS.
- (2) BECAUSE AVERAGE DURATIONS WERE MUCH LONGER IN HIGH UNEMPLOYMENT REGIONS, AVERAGE UTILIZATION OF ENTITLEMENT WAS HIGHER IN THE HIGH UNEMPLOYMENT REGIONS.
- (3) THE DIFFERENCES IN UTILIZATION RATES VARIED FROM 52.7% IN THE HIGH UNEMPLOYMENT ATLANTIC REGION TO 34.5% IN THE LOW UNEMPLOYMENT PRAIRIE REGION.

C-20 EXHAUSTEES IN APRIL, 1973

ALL INITIAL CLAIMS
ALLOWED 1972

EXHAUSTEES

CHARACTERISTICS	%	%
MALE/FEMALE DISTRIBUTION	57.4/42.6	64.2/35.8
MARRIED	68	N/A
65 YEARS AND OVER	7.3	2.6
SOME AVERAGES		
AGE (YEARS)	39	35
BENEFIT PAID (TOTAL/WEEKLY)	\$2010/\$66	\$1196/\$68
INSURED EARNINGS (TOTAL/WEEKLY)	\$1702/\$100	\$1854/\$103
INSURED WEEKS	27.1	29.9
DURATION ON CLAIM (WEEKS)	30.4	17.7*

NOTE: EXHAUSTEES AS PERCENTAGE OF INITIAL CLAIMS ALLOWED (1973): 21%

*INDIVIDUALS (OF ALL CLAIM TYPES) WITH BENEFIT PERIOD COMMENCEMENTS IN 1972

SOURCE: SPECIAL UI SURVEY OF 2,649 INDIVIDUALS WHO EXHAUSTED THEIR ENTITLEMENT IN APRIL, 1973 (SURVEY CONDUCTED IN OCTOBER, 1973).

BA REGION

COMPARISON OF DURATION OF ENTITLEMENT AND UTILIZATION

EXHAUSTEES IN APRIL, 1973

COMMENTS

- (1) EVEN THOUGH THE ACTUAL PROPORTION OF EXHAUSTEES IS GREATER FOR MALES, FEMALE CLAIMANTS ARE MORE LIKELY TO BECOME EXHAUSTEES THAN MALE CLAIMANTS.
- (2) A SUBSTANTIAL PROPORTION OF EXHAUSTEES ARE MARRIED (68%).
- (3) THE AVERAGE AGE OF EXHAUSTEES IS HIGHER (39 YEARS) THAN THE AVERAGE AGE OF TOTAL CLAIMANTS (35 YEARS). THERE IS A PARTICULAR PREPONDERANCE OF THOSE 65 YEARS AND OVER.
- (4) AS MIGHT BE EXPECTED, THE AVERAGE TOTAL BENEFITS PAID TO EXHAUSTEES EXCEED BY A SIGNIFICANT MARGIN THE AVERAGE TOTAL BENEFITS PAID TO THE CLAIMANT POPULATION AS A WHOLE.
- (5) ABOUT ONE-FIFTH OF INITIAL CLAIMS ALLOWED EXHAUST THEIR ENTITLEMENT. SOME 10% OF EXHAUSTEES IMMEDIATELY ESTABLISH A NEW CLAIM (NOT SHOWN IN TABLE).

EXHAUSTEES IN APRIL, 1973

POST-CLAIM BEHAVIOUR OBSERVED FROM APRIL TO OCTOBER 1973

<u>SINCE EXHAUSTING</u>	<u>EXHAUSTEES</u>	<u>INITIAL CLAIMS ALLOWED 1972</u>
PERCENT ON WELFARE	<u>8%</u>	N/A
PERCENT WORKED	<u>63%</u>	N/A
AVERAGE WEEKS WORKED	16	N/A
AVERAGE NUMBER OF WEEKS BETWEEN EXHAUSTING AND COMMENCEMENT OF WORK	6	N/A

<u>BY REGION</u>	<u>EXHAUSTEES AS A PERCENTAGE OF INITIAL CLAIMS (1973)</u>	<u>PERCENTAGE OF EXHAUSTEES WORKING SINCE EXHAUSTION</u>
ATLANTIC	23	<u>74</u>
QUEBEC	23	57
ONTARIO	21	61
PRAIRIE	12	68
PACIFIC	24	68

NOTE: AVERAGE UNEMPLOYMENT RATE MAY - OCT., 1973: 4.8%

SOURCE: SPECIAL UI SURVEY OF 2,649 INDIVIDUALS WHO EXHAUSTED THEIR CLAIMS IN
APRIL, 1973 (SURVEY CONDUCTED IN OCT., 1973).

EXHAUSTEES IN APRIL, 1973

POST-CLAIM BEHAVIOUR OBSERVED FROM APRIL TO OCTOBER, 1973

COMMENTS

- (1) THE MAJORITY OF EXHAUSTEES (63%) WAS ABLE TO FIND WORK, ON AVERAGE, WITHIN SIX WEEKS, WHILE ONLY A FEW (8%), RESORTED TO WELFARE. THOSE WHO FOUND A JOB WORKED, ON AVERAGE, FOUR MONTHS OUT OF THE-SIX MONTH PERIOD INVESTIGATED.
- (2) THE RATE OF EXHAUSTION WAS HIGHEST IN THE ATLANTIC, QUEBEC AND THE PACIFIC. IT WAS LOWEST IN THE PRAIRIES. THIS IS NOT SURPRISING, SINCE THE PRAIRIES HAS ENJOYED SUBSTANTIALLY LOWER UNEMPLOYMENT RATES THAN THE REST OF THE COUNTRY.
- (3) FEWER CLAIMANTS IN ONTARIO AND QUEBEC FOUND WORK AFTER EXHAUSTING THAN IN CANADA AS A WHOLE. IN THE ATLANTIC REGION, HOWEVER, ALMOST 75% OF ALL EXHAUSTEES FOUND WORK.

IMPLICATIONS:

THE HIGH PERCENTAGE OF EXHAUSTEES FINDING WORK SHORTLY AFTER EXHAUSTING THEIR ENTITLEMENT MAY INDICATE THAT THERE ARE WORK DISINCENTIVES FOR SOME CLAIMANTS.

POST-CLAIM BEHAVIOUR: 1973 EXHAUSTEE SURVEY
POST-EXHAUSTION EMPLOYMENT BY INSURED WEEKS

<u>NUMBER OF INSURED WEEKS</u>	<u>% OF EXHAUSTEES WHO FOUND WORK*</u>
8	71
9 - 11	70
12 - 19	73
20 - 35	65
36 - 51	50
52	41
TOTAL	63

* WITHIN 6 MONTHS OF CLAIM EXHAUSTION

POST-CLAIM BEHAVIOUR: 1973 EXHAUSTEE SURVEY

POST-EXHAUSTION EMPLOYMENT
BY INSURED WEEKS

COMMENTS

(1) A GREATER PROPORTION OF EXHAUSTEES WITH FEWER INSURED WEEKS FOUND WORK THAN THOSE WITH MORE INSURED WEEKS (71% FOR 8 WEEKERS VS. 41% FOR 52 WEEKERS). THIS IS POSSIBLY A REFLECTION OF THE INTERMITTENT WORK PATTERNS OF THOSE WITH SHORT-TERM ATTACHMENTS.

(2) THIS RESULT MIGHT INDICATE THAT EXHAUSTEES WITH LONGER JOB ATTACHMENT ARE CHOOSIER ABOUT JOBS. IT SHOULD ALSO BE POINTED OUT THAT SOME OF THE MARRIED WOMEN, WHO GENERALLY HAVE A LONGER JOB ATTACHMENT, MIGHT HAVE DROPPED OUT OF THE LABOUR FORCE.

POST-CLAIM BEHAVIOUR: 1973 EXHAUSTEE SURVEY
DURATION OF POST-EXHAUSTION EMPLOYMENT

NUMBER OF INSURED WEEKS	OF THOSE WHO FOUND JOBS,* % THAT HAD POST-EXHAUSTION EMPLOYMENT LASTING MORE THAN 20 WEEKS	
		%
8		21
9 - 11		27
12 - 19		32
20 - 35		35
36 - 51		40
52		46
TOTAL		33

*WITHIN 6 MONTHS OF CLAIM EXHAUSTION

POST-CLAIM BEHAVIOUR: 1973 EXHAUSTEE SURVEY
DURATION OF POST-EXHAUSTION EMPLOYMENT

COMMENTS

OF THE EXHAUSTEES WHO FOUND JOBS, A GREATER PROPORTION OF MAJOR ATTACHMENT EXHAUSTEES THAN SHORT-TERM ATTACHMENT EXHAUSTEES WAS ABLE TO FIND LONG DURATION EMPLOYMENT (OVER 20 WEEKS). THIS COULD BE A REFLECTION OF THE INTERMITTENT WORK PATTERN OF SHORT-TERM ATTACHMENT CLAIMANTS.

POST-CLAIM BEHAVIOUR: 1973 EXHAUSTEE SURVEY
POST-EXHAUSTION EMPLOYMENT BY SEX/DEPENDENCY STATUS

PERCENTAGE OF EXHAUSTEES WHO FOUND WORK*

<u>WITHOUT DEPENDENTS</u>		<u>WITH DEPENDENTS</u>	
<u>MALE</u>	<u>FEMALE</u>	<u>MALE</u>	<u>FEMALE</u>
72	54	65	60

*WITHIN 6 MONTHS OF CLAIM EXHAUSTION

POST-CLAIM BEHAVIOUR: 1973 EXHAUSTEE SURVEY

POST-EXHAUSTION EMPLOYMENT
BY SEX/DEPENDENCY STATUS

COMMENTS

- (1) MALES WERE MORE SUCCESSFUL/KEENER IN FINDING JOBS, FEMALES MAY HAVE HAD MORE TROUBLE FINDING JOBS, MIGHT NOT HAVE ACTIVELY SOUGHT JOBS AND/OR MIGHT HAVE DROPPED OUT OF THE LABOUR MARKET.
- (2) MALES WITHOUT DEPENDENTS HAD MORE SUCCESS IN FINDING JOBS THAT THOSE WITH DEPENDENTS (72% VS. 65%), IMPLYING LESS CHOOSINESS AND MORE MOBILITY ON THE PART OF THE FORMER.
- (3) MORE FEMALES WITH DEPENDENTS FOUND JOBS THAN THOSE WITHOUT DEPENDENTS (60% VS. 54%), MANY OF WHOM WERE LIKELY TO BE SECONDARY EARNERS.

POST-CLAIM BEHAVIOUR: 1973 EXHAUSTEE SURVEY

POST-EXHAUSTION EMPLOYMENT BY AGE

<u>AGE</u>	<u>% OF EXHAUSTEES WHO FOUND WORK*</u>
14 - 19	81
20 - 24	70
25 - 34	61
35 - 44	70
45 - 54	63
55 - 64	61
65 AND OVER	25
TOTAL	63

*WITHIN 6 MONTHS OF CLAIM EXHAUSTION

POST-CLAIM BEHAVIOUR: 1973 EXHAUSTEE SURVEY
POST-EXHAUSTION EMPLOYMENT
BY AGE

COMMENTS

- (1) A MUCH LARGER PROPORTION OF THE RELATIVELY YOUNG
THAN OF THE RELATIVELY OLD FOUND WORK. THIS MAY
REPRESENT YOUNG PEOPLE'S WILLINGNESS TO ACCEPT ANY
TYPE OF EMPLOYMENT.
- (2) ONLY 25% OF EXHAUSTEES 65 YEARS AND OVER FOUND JOBS.

REPEATERS

PATTERNS OF REPEAT AND NON-REPEAT CLAIMING

CLAIMANT DISTRIBUTION

REPEATERS

"SEASONAL "

20%

"NON-SEASONAL "

30%

TOTAL REPEATERS

50%

NON-REPEATERS

50%

SOURCE: UIC ADMINISTRATIVE DATA (JULY 1971 - AUGUST 1974)

REPEATERS

PATTERNS OF REPEAT AND NON-REPEAT CLAIMING OVER THE THREE
YEAR OBSERVATION PERIOD (1971 - 1974)

COMMENTS

- (1) 140,000 INDIVIDUALS WHO ESTABLISHED ONE OR MORE REGULAR CLAIMS IN THE PERIOD SEPTEMBER, 1973 TO AUGUST, 1974 WERE SELECTED ON A SAMPLE BASIS (REFERENCE PERIOD).
- (2) A RETROSPECTIVE STUDY WAS MADE OF THESE CLAIMANTS IN THE PERIOD JULY, 1971 TO AUGUST, 1974 (OBSERVATION PERIOD).
- (3) 50% OF THESE CLAIMANTS HAD ONLY A SINGLE CLAIM IN THE OBSERVATION PERIOD (NON-REPEATERS).
- (4) THE REMAINING 50% HAD MORE THAN ONE CLAIM IN THE OBSERVATION PERIOD (REPEATERS).
- (5) IF A REPEATER'S CLAIM IN THE REFERENCE PERIOD AND HIS PREVIOUS CLAIM OR CLAIMS IN THE OBSERVATION PERIOD WERE ONE OR TWO YEARS APART (PLUS OR MINUS FOUR WEEKS), HE WAS CATEGORIZED A "SEASONAL" REPEATER.
- (6) THE REMAINING 60% OF REPEATERS (I. E. 30% OF THE TOTAL SAMPLE) WERE CATEGORIZED AS "NON-SEASONAL" REPEATERS.

REPEATERS
INCIDENCE OF REPEATING AS COMPARED TO NON-REPEATING
BY SEX, DEPENDENCY STATUS AND AGE

	REPEATERS		NON-REPEATERS	
	"SEASONAL" (%)	"NON-SEASONAL" (%)		TOTAL (%)
<u>SEX</u>				
MALE	23	35	42	100
FEMALE	15	23	62	100
<u>DEPENDENCY STATUS</u>				
DEPENDENTS	27	34	39	100
NO DEPENDENTS	17	28	55	100
<u>AGE (YEARS)</u>				
UNDER 25	12	28	60	100
25 - 44	21	33	46	100
45 - 64	29	31	40	100
65 AND OVER	21	21	58	100
TOTAL (CANADA)	20	30	50	100

SOURCE: UIC ADMINISTRATIVE DATA

REPEATERS
INCIDENCE OF REPEATING AS COMPARED TO NON-REPEATING
BY SEX, DEPENDENCY STATUS AND AGE

COMMENTS

- (1) THE INCIDENCE OF REPEATING IS SIGNIFICANTLY HIGHER FOR MALES THAN FEMALES. IT IS ALSO SIGNIFICANTLY HIGHER FOR THOSE WITH DEPENDENTS, THE MAJORITY OF WHOM WOULD BE MALES.
- (2) AS MIGHT BE EXPECTED, THE INCIDENCE OF REPEATING IS RELATIVELY LOWER AT THE UPPER AND LOWER END OF THE AGE SPECTRUM.

IMPLICATIONS:

- (1) THE HIGH INCIDENCE OF REPETITION POINTS TO INTERMITTENT AND IRREGULAR WORK PATTERNS IN THE LABOUR MARKET AND MAY, PARTICULARLY FOR THE NON-SEASONAL REPEATERS, REFLECT SOME WORK DISINCENTIVES.
- (2) THERE IS, HOWEVER, NO EVIDENCE AVAILABLE TO SUGGEST THAT THE INCIDENCE OF DISINCENTIVE IS MORE CONCENTRATED IN REPEATERS THAN IN NON-REPEATERS.

REPEATERS

INCIDENCE OF REPEATING AS COMPARED TO NON-REPEATING BY INSURED WEEKS AND SELECTED OCCUPATIONS

	REPEATERS		NON-REPEATERS	
	"SEASONAL" SEASONAL"	"NON-SEASONAL"	TOTAL	TOTAL
	(%)	(%)	(%)	(%)
INSURED WEEKS				
8 - 11	16	36	52	48
12 - 19	19	36	55	45
8 - 19	18	36	54	46
20 +	21	28	49	51
				100
				100
				100
				100
				100
SELECTED OCCUPATIONS				
FARMING	40	26	66	34
FISHING	41	28	69	31
FORESTRY	36	40	76	24
MINING	26	39	65	35
CONSTRUCTION	28	41	69	31
				100
TOTAL (CANADA)	20	30	50	50
				100

SOURCE: UIC ADMINISTRATIVE DATA

REPEATERS

INCIDENCE OF REPEATING AS COMPARED TO NON-REPEATING BY INSURED WEEKS AND SELECTED OCCUPATIONS

COMMENTS

- (1) THERE IS LITTLE DIFFERENCE IN THE BREAKDOWN OF "MAJOR" VERSUS "MINOR" LABOUR FORCE ATTACHMENTS IN TERMS OF OVERALL REPEATERS.

HOWEVER, THE FACT THAT "MINOR" CLAIMANTS SHOW A CONSIDERABLY HIGHER INCIDENCE OF NON-SEASONAL REPEATING IS A REFLECTION OF THE FELDSTEIN THESIS THAT DEAD-END JOBS AND INEXPERIENCED WORKERS CHARACTERIZE MUCH OF THE MODERN LABOUR MARKET.
- (2) OCCUPATIONS HAVE BEEN SELECTED ON THE BASIS OF HAVING AN INCIDENCE OF REPEAT IN EXCESS OF 65%. PRIMARY OCCUPATIONS PREDOMINATE.
- (3) FORTY-ONE PERCENT OF CONSTRUCTION WORKERS IDENTIFIED AS REPEATERS ARE "NON SEASONAL".

IMPLICATIONS:

THAT THOSE OCCUPATIONS WHICH ARE NATURALLY SEASONAL IN CANADA COME SO HIGH ON THE LIST OF REPEATERS (I.E. OCCUPATIONS MOSTLY IN THE PRIMARY INDUSTRIES) ONCE AGAIN BRINGS UP THE QUESTION OF THE TERMS AND CONDITIONS APPLICABLE TO THEM IN THE PROGRAM.

REPEATERS
INCIDENCE OF REPEATING AS COMPARED TO NON-REPEATING
BY REGION

<u>REGIONS</u>	REPEATERS		NON-REPEATERS	
	"SEASONAL" SEASONAL"	TOTAL	"NON-SEASONAL" SEASONAL"	TOTAL
	(%)	(%)	(%)	(%)
ATLANTIC	25	34	42	100
QUEBEC	21	31	48	100
ONTARIO	18	27	55	100
PRAIRIE	21	28	51	100
PACIFIC	16	33	51	100
TOTAL (CANADA)	20	30	50	100

SOURCE: UIC ADMINISTRATIVE DATA

REPEATERS
INCIDENCE OF REPEATING AS COMPARED TO NON-REPEATING
BY REGION

<u>COMMENTS</u>	
(1)	THE ATLANTIC REGION HAS THE HIGHEST INCIDENCE OF REPEATERS (58%) OF ALL REGIONS, WITH ONTARIO AT THE LOW END OF THE SCALE (45%).
(2)	THE LOWEST PROPORTION OF "SEASONAL" REPEATERS IS TO BE FOUND ON THE PACIFIC COAST (16%).

REPEATERS
DISQUALIFICATIONS/DISENTITLEMENTS*
BY SEX AND REPEAT PATTERNS

DISQUALIFICATIONS/
DISENTITLEMENTS FOR:
NON-AVAILABILITY
REFUSAL TO WORK, NO
ACTIVE JOB SEARCH

SEX	REPEATERS			NON- REPEATERS	TOTAL
	"SEASONAL" (%)	"NON- SEASONAL" (%)	TOTAL (%)		
MALE	11	12	12	16	14
FEMALE	22	25	24	34	30
TOTAL	14	16	15	24	20

DISQUALIFICATIONS
FOR QUITTING

SEX	REPEATERS			NON- REPEATERS	TOTAL
	"SEASONAL" (%)	"NON- SEASONAL" (%)	TOTAL (%)		
MALE	6	12	9	17	13
FEMALE	7	17	13	22	18
TOTAL	6	13	10	19	15

*THIS REFERS ONLY TO DISQUALIFICATIONS/DISENTITLEMENTS IMPOSED ON THE MOST RECENT CLAIM OF AN INDIVIDUAL.

SOURCE: UIC ADMINISTRATIVE DATA

REPEATERS
DISQUALIFICATIONS/DISENTITLEMENTS
BY SEX AND REPEAT PATTERNS

COMMENTS

- (1) NON-AVAILABILITY, REFUSAL TO WORK, NON-ACTIVE JOB SEARCH
- (a) THE PERCENTAGE OF REPEATERS DISQUALIFIED/DISENTITLED IS CONSISTENTLY LOWER THAN THAT OF NON-REPEATERS.
- (b) 15% OF ALL REPEATERS WERE DISQUALIFIED/DISENTITLED, COMPARED TO 24% OF ALL NON-REPEATERS WHO WERE DISQUALIFIED/DISENTITLED.
- (c) IN ALL REPEAT CATEGORIES AND IN THE NON-REPEAT CATEGORY, THE PERCENTAGE OF FEMALES DISQUALIFIED/DISENTITLED IS APPROXIMATELY TWICE THAT OF MALES.
- (2) QUITTING
- (a) THE PERCENTAGE OF REPEATERS DISQUALIFIED IS CONSISTENTLY LOWER THAN NON-REPEATERS.
- (b) 10% OF ALL REPEATERS WERE DISQUALIFIED, COMPARED TO 19% OF ALL NON-REPEATERS WHO WERE DISQUALIFIED.
- (c) GENERALLY, IN THE REPEAT CATEGORIES AND IN THE NON-REPEAT CATEGORY, THE PERCENTAGE OF FEMALES DISQUALIFIED IS HIGHER THAN MALES.

IMPLICATIONS:

- (1) THERE IS LESS DETECTED MISUSE AMONG REPEATERS.
- (2) THIS MIGHT INDICATE THAT THERE IS LESS ACTUAL MISUSE AMONG REPEATERS, OR THAT REPEATERS ARE LESS SUBJECT TO BENEFIT CONTROL PROGRAMS BECAUSE, FOR EXAMPLE, THEY ARE REGISTERED WITH UNION HIRING HALLS, THEY ARE ON SHORT-TERM LAY-OFFS, ETC.

REPEATERS
"SEASONAL" WORKERS

COMMENTS

IF "SEASONAL" WORKERS WERE DEFINED AS THOSE CLAIMANTS WHO HAVE UNEMPLOYMENT PATTERNS WHICH ARE BOTH RECURRENT AND PREDICTABLE DUE TO SEASONAL SHUTDOWNS, THE QUESTION OF THE TERMS AND CONDITIONS OF THEIR COVERAGE DURING THE OFF-SEASON WOULD ARISE.

REPEATERS
"SEASONAL" WORKERS

IMPLICATIONS:

CONSIDERATION SHOULD BE GIVEN TO THE POTENTIAL CONTRIBUTION OF SPECIALLY-DESIGNED JOB CREATION PROJECTS AND OCCUPATIONAL TRAINING PROGRAMS FOR ALTERNATIVE EMPLOYMENT IN THE OFF-SEASON.

LEGISLATIVE
IMPLICATIONS:

ANY ATTEMPT TO WRITE GENERAL REGULATIONS RESTRICTING BENEFITS DURING THE OFF-SEASON WOULD POSE SERIOUS PROBLEMS, AS IT IS EXTREMELY DIFFICULT TO DEFINE A "SEASON". IN ADDITION, SUCH REGULATIONS WOULD RAISE QUESTIONS OF EQUITY AND ACCEPTABILITY.

REPEATERS

LEGISLATIVE IMPLICATION:

THE REVISED THREE-PHASE BENEFIT STRUCTURE WOULD NOT BE EXPECTED TO HAVE ANY DIRECT IMPACT ON THE SEASONALITY PROBLEM.

NOTE:

FLEXIBILITY WOULD ALLOW CLAIMANTS TO MAKE FURTHER USE OF (i.e. RENEW) CLAIMS ALREADY ESTABLISHED. THIS WOULD SUGGEST THAT MEASUREMENT OF REPEAT PATTERNS SHOULD INCLUDE BOTH INITIAL AND RENEWAL CLAIMS. IN THE PRESENT STUDY, ONLY INITIAL CLAIMS ARE CONSIDERED. OMISSION OF RENEWAL CLAIMS UNDERSTATES THE DIMENSION OF REPEAT BEHAVIOUR.

REPEATERS

GENERAL IMPLICATIONS OF REPEAT PATTERNS

- (1) HIGH UI CLAIMANT REPEAT RATES ARE A FUNDAMENTAL ISSUE IN THE INTERFACE BETWEEN THE UI PROGRAM AND MAN-POWER PROGRAMS OF TRAINING, COUNSELLING, JOB CREATION AND MOBILITY.
- (2) TO SOME EXTENT, THE NEED FOR INCOME MAINTENANCE DUE TO SEASONALITY FACTORS MIGHT ULTIMATELY BE MORE APPROPRIATELY MET THROUGH AN INCOME SUPPORT AND SUPPLEMENTATION SYSTEM.

PART-TIME WORKERS*
(AUGUST 1974)

	CLAIMANTS WHO WERE PART-TIME WORKERS	ALL CLAIMANTS
	%	%
MAJOR ATTACHMENT CLAIMANTS	69	70
LESS THAN \$39 BENEFIT RATE	29	9
FEMALE CLAIMANTS	72	54
MARRIED FEMALES	75	67
FEMALE SECONDARY WAGE EARNERS	81	75
VOLUNTARY QUITTS	19	23
WITH JUST CAUSE	8	9
WITHOUT JUST CAUSE	11	14
HIGH SCHOOL GRADUATES AND UNIVERSITY OR OTHER TRAINING	41	35
TEACHING, CLERICAL, SALES AND SERVICE OCCUPATIONS	66	47

*CLAIMANTS WHO WORKED LESS THAN 35 HOURS A WEEK

SOURCE: RANDOM SAMPLE SURVEY AUGUST 1974
SAMPLE SIZE: 6,380 CLAIMANTS (1,146 PART-TIME)

PART-TIME WORKERS
(AUGUST 1974)

COMMENTS

- (1) PART-TIMERS ACCOUNTED FOR 18% OF THE UI CLAIMLOAD (AND 9.2% OF TOTAL LABOUR FORCE) IN AUGUST, 1974. PART-TIMERS REPRESENTED AN AVERAGE NUMBER OF MAJOR ATTACHMENTS.
- (2) A VERY HIGH PERCENTAGE OF PART-TIMERS WERE MARRIED FEMALES AND FEMALE SECONDARY WAGE-EARNERS.
- (3) THE PROPORTION OF PART-TIMERS WHO WERE "VOLUNTARY QUITTS WITHOUT JUST CAUSE" WAS LOWER THAN THAT FOR ALL CLAIMANTS.
- (4) IT COULD BE ARGUED THAT AT A TIME WHEN THE CANADIAN WORKER AVERAGES APPROXIMATELY 38.5 HOURS OF WORK PER WEEK, LESS THAN 35 HOURS A WEEK SHOULD NOT BE CONSIDERED AS PART-TIME. WERE PART-TIME WORK DEFINED AS LESS THAN 30 HOURS A WEEK, 12% OF ALL UI CLAIMANTS WOULD STILL BE CLASSED AS PART-TIME AND APPROXIMATELY 83% OF THE PART-TIMERS WOULD BE FEMALE.
- (5) ANY INCREASE IN THE MINIMUM INSURABLE EARNINGS WOULD AFFECT LOW INCOME FULL-TIME WORKERS AS WELL AS PART-TIME WORKERS. THE EXTENT OF COVERAGE ON PART-TIME WORKERS MUST THEREFORE BE VIEWED IN THE CONTEXT OF THE SOCIAL SECURITY REVIEW.

SOURCE: WORKING CONDITIONS IN CANADIAN INDUSTRY, 1974

ALTERNATIVE
APPROACH
TO
ANALYSIS
OF PROFILE OF
CLAIMANTS: RELATIVE CLAIM RATES,
COST RATIOS AND SUBSEQUENT STATUS IN
LABOUR FORCE

ALTERNATIVE
APPROACH
TO
ANALYSIS
OF PROFILE OF
CLAIMANTS: RELATIVE CLAIM RATES,
COST RATIOS AND SUBSEQUENT STATUS IN
LABOUR FORCE

OUTLINE OF PRESENTATION

ALTERNATIVE APPROACH TO ANALYSIS OF PROFILE OF CLAIMANTS

- OBJECTIVE
- APPROACH
- CHARACTERISTICS
- METHODOLOGY

RELATIVE CLAIM RATES AND COST RATIOS

- BY INSURED WEEKS
- BY AGE
- BY INDUSTRY
- BY OCCUPATION
- BY REGION

SUBSEQUENT STATUS IN LABOUR FORCE

- BY INSURED WEEKS
- BY AGE

ALTERNATIVE APPROACH TO ANALYSIS OF PROFILE OF CLAIMANTS

OBJECTIVE

- (1) TO SHED LIGHT ON THE EXTENT OF SUBSIDIZATION AMONG VARIOUS SEGMENTS OF THE INSURED POPULATION, BASED ON SELECTED CHARACTERISTICS, AND THEREBY, TO INDICATE THE LEVEL OF PREMIUM THAT WOULD BE COMMENSURATE WITH THE COSTS INCURRED BY EACH SEGMENT
- (2) TO COMPARE THE STABILITY OF LABOUR FORCE ATTACHMENT AMONG SPECIFIC SEGMENTS OF THE INSURED POPULATION.

ALTERNATIVE APPROACH TO ANALYSIS OF PROFILE OF CLAIMANTS

APPROACH

THUS FAR, EFFORTS HAVE CONCENTRATED MAINLY ON ANALYZING AND COMPARING THE CHARACTERISTICS AND BEHAVIOUR OF THOSE MEMBERS OF THE LABOUR FORCE WHO HAVE BECOME UI CLAIMANTS.

WE NOW RELATE SOME OF THE ABOVE FINDINGS WITH THE TOTAL POPULATION BASE FROM WHICH UI CLAIMANTS EMERGE (i.e., THE INSURED POPULATION) IN ORDER TO ASSESS THE PROPENSITY TO CLAIM (CLAIM RATE) AND THE FINANCIAL RISK (COST RATIO) FOR VARIOUS SEGMENTS OF THIS INSURED POPULATION.

ALTERNATIVE APPROACH TO ANALYSIS OF PROFILE OF CLAIMANTS

CHARACTERISTICS

THE INSURED POPULATION, BY SEX, IS ANALYSED ON THE

BASIS OF THE FOLLOWING CHARACTERISTICS:

- (1) INSURED WEEKS
- (2) AGE
- (3) INDUSTRY
- (4) OCCUPATION
- (5) REGION

ALTERNATIVE APPROACH TO ANALYSIS OF PROFILE OF CLAIMANTS

SOURCES OF DATA AND METHODOLOGY

- (1) SPECIAL QUESTIONS WERE ADDED TO STATISTICS CANADA'S REGULAR LABOUR FORCE SURVEY OF MARCH, 1975 TO DETERMINE THE WORK PATTERN OF THE INSURED POPULATION IN 1974; THE OTHER CHARACTERISTICS WERE CAPTURED FROM THE REGULAR QUESTIONS OF THE LABOUR FORCE SURVEY.
- (2) CLAIM EXPERIENCE WAS DRAWN FROM A 10% SAMPLE OF UI FILES OVER 1973 AND 1974 FOR EACH OF THE ABOVE CHARACTERISTICS.
- (3) FOR EACH SEGMENT WITHIN THE ABOVE CHARACTERISTICS, CLAIMS EXPERIENCE WAS RELATED TO THE CORRESPONDING INSURED POPULATION TO PRODUCE MEASURES OF THE PROPENSITY TO CLAIM (CLAIM RATE) AND OF THE FINANCIAL RISK (COST RATIO).

NOTE:

- (1) ALL MEASURES PRESENTED IN THE FOLLOWING TABLES ARE MULTIPLES OR FRACTIONS OF THE OVERALL AVERAGE CLAIM RATE AND OVERALL AVERAGE COST RATIO.
- (2) THESE MEASURES SHOULD BE USED ONLY AS BROAD INDICATORS OF THE RELATIVE EXPERIENCE OF THE VARIOUS SEGMENTS OF THE INSURED POPULATION.
- (3) THIS STUDY REFLECTS ONLY REGULAR BENEFIT EXPERIENCE, EXCLUDING MATERNITY, SICKNESS, RETIREMENT, AOTA AND FISHING BENEFITS.

RELATIVE CLAIM RATES AND COST RATIOS - BY INSURED WEEKS: 1974

INSURED WEEKS IN 1974	RELATIVE CLAIM RATES			RELATIVE COST RATIOS		
	MALES	FEMALES	BOTH SEXES	MALES	FEMALES	BOTH SEXES
8 - 11	4.97*	3.57	<u>4.34</u>	21.93**	16.94	<u>19.62</u>
12 - 15	3.95	2.48	3.23	11.84	7.84	9.86
16 - 19	3.36	1.91	2.63	7.90	4.81	6.34
20 - 29	3.13	1.75	2.44	5.45	3.38	4.41
30 - 42	2.19	1.80	2.02	2.24	2.20	2.20
43 - 51	2.56	2.94	2.72	2.01	3.03	2.43
52	0.10	0.14	<u>0.11</u>	0.07	0.13	<u>0.09</u>
TOTAL	0.99	1.01	1.00	0.90	<u>1.19</u>	1.00

HOW TO INTERPRET
THE TABLE

* MALES WITH 8 TO 11 INSURED WEEKS HAVE A CLAIM RATE WHICH IS 4.97 TIMES THE AVERAGE CLAIM RATE.

** MALES WITH 8 TO 11 INSURED WEEKS WOULD HAVE TO BE CHARGED A RATE 21.93 TIMES THE AVERAGE RATE IN ORDER TO MEET THEIR OWN COSTS.

SOURCE:

SEE "SOURCES OF DATA AND METHODOLOGY"

RELATIVE CLAIM RATES AND COST RATIOS - BY INSURED WEEKS: 1974

COMMENTS

- (1) THE UNEMPLOYMENT EXPERIENCE OF THE INSURED POPULATION WITH 8 TO 11 INSURED WEEKS IS HIGHER THAN ANY OTHER GROUP. ITS CLAIM RATE IS MORE THAN 4 TIMES THE AVERAGE AND ITS FINANCIAL RISK IS CLOSE TO 20 TIMES THE AVERAGE.
- (2) THE INSURED POPULATION WITH 52 INSURED WEEKS STANDS ALONE WITH ITS VERY LOW EXPERIENCE, APPROXIMATELY 1/10TH OF THE AVERAGE FOR BOTH CLAIM RATES AND FINANCIAL RISK.
- (3) FEMALES IN TOTAL REPRESENT A HIGHER FINANCIAL RISK THAN MALES (1.19 TIMES AVERAGE), ALTHOUGH THEIR COST RATIOS EXCEED THOSE FOR MALES ONLY FOR THOSE WITH 43 OR MORE INSURED WEEKS.

THE LONGER THE LENGTH OF LABOUR FORCE ATTACHMENT, THE GREATER THE DEGREE OF SUBSIDIZATION BY INSURED PERSONS, TO THE BENEFIT OF THOSE WITH SHORTER LABOUR FORCE ATTACHMENT.

LEGISLATIVE IMPLICATIONS:

THE ABOVE ANALYSIS RAISES QUESTIONS ABOUT THE ENTRANCE REQUIREMENT AND SUPPORTS THE CHANGES IN ENTITLEMENT ENVISAGED IN THE THREE-PHASE BENEFIT STRUCTURE.

RELATIVE CLAIM RATES AND COST RATIOS - BY AGE: 1974

AGE	RELATIVE CLAIM RATES			RELATIVE COST RATIOS		
	MALES	FEMALES	BOTH SEXES	MALES	FEMALES	BOTH SEXES
UNDER 20	.88*	0.72	<u>0.81</u>	1.34**	1.06	<u>1.22</u>
20 - 24	1.59	1.29	1.46	1.46	1.42	1.44
25 - 34	1.02	1.12	1.06	0.80	1.31	0.97
35 - 44	0.78	0.98	0.85	0.59	1.09	0.75
45 - 54	0.71	0.90	0.78	0.59	0.98	0.71
55 - 64	0.82	0.83	0.82	0.85	1.01	0.90
65 - 69	1.77	1.03	<u>1.56</u>	3.14	1.67	<u>2.74</u>
TOTAL	0.99	1.01	1.00	0.90	1.19	1.00

* MALES AGED BELOW 20 HAVE A CLAIM RATE WHICH IS 88% OF THE AVERAGE.
 ** MALES AGED BELOW 20 WOULD HAVE TO BE CHARGED A RATE 1.34 TIMES THE AVERAGE RATE IN ORDER TO MEET THEIR OWN COSTS.

SOURCE: SEE "SOURCES OF DATA & METHODOLOGY"

RELATIVE CLAIM RATES AND COST RATIOS - BY AGE: 1974

COMMENTS

- (1) THE MOST SIGNIFICANT GROUP IS PERSONS AGED 65 TO 69, WHOSE CLAIM RATE IS 56% ABOVE AVERAGE AND WHOSE COST RATIO IS 2.7 TIMES AVERAGE. NOTE, HOWEVER, THAT MALES HERE HAVE MUCH WORSE EXPERIENCE THAN FEMALES.
- (2) AT ALL AGES FROM 25 TO 64, FEMALES HAVE A HIGHER RELATIVE CLAIM RATE AND COST RATIO THAN MALES.
- (3) HIGH RELATIVE COST RATIOS OCCUR FOR BOTH SEXES AT AGES BELOW 25 AND FOR FEMALES UP TO AGE 34.
- (4) AT AGES BELOW 20, EVEN THOUGH CLAIM RATES ARE BELOW AVERAGE, COST RATIOS RISE TO ABOVE AVERAGE BECAUSE THIS GROUP HAS A SUBSTANTIALLY LESS THAN AVERAGE NUMBER OF INSURED WEEKS.

NOTE: COVERAGE OF PERSONS 65 TO 69 WAS TERMINATED IN BILL C-69.

RELATIVE CLAIM RATES AND COST RATIOS - BY INDUSTRY: 1974

INDUSTRY	RELATIVE CLAIM RATES			RELATIVE COST RATIOS		
	MALES	FEMALES	BOTH	MALES	FEMALES	BOTH
1. AGRICULTURE	.73*	-	.99	.92**	-	1.35
2. OTHER PRIMARY INDUSTRIES	1.39	-	1.38	1.37	-	1.37
3. MANUFACTURING	1.08	1.94	1.29	.90	2.13	1.18
4. CONSTRUCTION	2.68	1.55	<u>2.60</u>	2.42	1.85	<u>2.38</u>
5. TRANSPORTATION, COMMUNICATION AND OTHER UTILITIES	.57	.81	.61	.46	.89	<u>.52</u>
6. TRADE	.68	1.06	.82	.62	1.28	.86
7. FINANCE, INSURANCE AND REAL ESTATE	.51	.72	.63	.47	.78	<u>.65</u>
8. SERVICE	.64	.84	.76	.66	.95	<u>.83</u>
9. PUBLIC ADMINISTRATION	.86	1.15	.95	.89	1.31	<u>1.01</u>
TOTAL	.96	1.07	1.00	.88	1.24	1.00

HOW TO INTERPRET THE TABLE: * MALES IN THE AGRICULTURE INDUSTRY HAVE A CLAIM RATE WHICH IS 73% OF THE AVERAGE.

** MALES IN THE AGRICULTURE INDUSTRY WOULD HAVE TO BE CHARGED A RATE EQUAL TO 92% OF THE AVERAGE RATE IN ORDER TO MEET THEIR OWN COSTS.

SOURCE: SEE "SOURCES OF DATA & METHODOLOGY"

RELATIVE CLAIM RATES AND COST RATIOS - BY INDUSTRY: 1974

<u>COMMENTS</u>	(1)	THE <u>CONSTRUCTION INDUSTRY</u> IS BY FAR THE HIGHEST RISK, WITH A CLAIM RATE 2.6 TIMES AVERAGE AND A COST RATIO 2.4 TIMES AVERAGE.	
	(2)	TRANSPORTATION, COMMUNICATIONS AND OTHER UTILITIES	} DISPLAY A SIGNIFICANTLY LOWER THAN AVERAGE CLAIMS EXPERIENCE
	(3)	FINANCE, INSURANCE AND REAL ESTATE	
	(4)	SERVICE	
	(5)	PUBLIC ADMINISTRATION IS AVERAGE IN TOTAL, ALTHOUGH <u> FEMALES WITHIN</u> THIS INDUSTRY ARE SIGNIFICANTLY ABOVE AVERAGE.	

NOTE: THE INTER-INDUSTRY SUBSIDIZATION INVOLVED IN THE UI PROGRAM IS NOTEWORTHY
AND RELEVANT TO THE ISSUE OF EXPERIENCE RATING.

RELATIVE CLAIM RATES AND COST RATIOS - BY OCCUPATION: 1974

	RELATIVE CLAIM RATES			RELATIVE COST RATIOS		
	MALES	FEMALES	BOTH	MALES	FEMALES	BOTH
1. MANAGERIAL	.23*	.53	.28	.22**	.48	<u>.26</u>
2. PROFESSIONAL	.34	.60	.47	.32	.68	<u>.49</u>
3. CLERICAL	.71	.89	.84	.68	.99	.90
4. SALES	.37	.90	.54	.34	1.18	<u>.59</u>
5. SERVICE	.65	1.12	.88	.71	1.38	1.01
6. FARMING	.76	-	.95	.93	-	1.25
7. OTHER PRIMARY INDS.	2.97	-	3.02	3.24	-	<u>3.41</u>
8. PROCESSING, MACHINING, ETC.	.82	1.94	1.02	.67	2.15	.92
9. CONSTRUCTION TRADES	2.64	-	2.66	2.49	-	<u>2.51</u>
10. TRANSPORTATION	1.04	-	1.06	.87	-	.89
11. OTHER OCCUPATIONS (e.g. PRINTING, ELECTRONICS, ETC.)	2.66	7.42	3.36	2.49	8.26	<u>3.28</u>
TOTAL	.96	1.07	1.00	.88	1.23	1.00

HOW TO INTERPRET
THE TABLE:

* MALES IN MANAGERIAL OCCUPATIONS HAVE A CLAIM RATE WHICH IS 23% OF THE AVERAGE.

** MALES IN MANAGERIAL OCCUPATIONS WOULD HAVE TO BE CHARGED A RATE EQUAL TO 22% OF THE AVERAGE RATE IN ORDER TO MEET THEIR OWN COSTS.

SOURCE: SEE "SOURCES OF DATA & METHODOLOGY"

RELATIVE CLAIM RATES AND COST RATIOS - BY OCCUPATION: 1974

COMMENTS

- (1) "OTHER PRIMARY INDUSTRIES", "CONSTRUCTION TRADES" AND "OTHER OCCUPATIONS" REPRESENT THE LARGEST FINANCIAL RISKS.
- (2) AT THE OTHER EXTREME, "MANAGERIAL", "PROFESSIONAL" AND "SALES" REPRESENT THE LOWEST FINANCIAL RISKS.
- (3) THE RANGE WITHIN WHICH RELATIVE COST RATIOS VARY IS MUCH GREATER BY OCCUPATION (MINIMUM: 26% OF AVERAGE; MAXIMUM: 3.4 TIMES AVERAGE) THAN BY INDUSTRY (MINIMUM: 52% OF AVERAGE; MAXIMUM: 2.4 TIMES AVERAGE), REFLECTING THE FACT THAT EACH INDUSTRY IS A MIX OF A NUMBER OF OCCUPATIONS.

NOTE:

THE REDISTRIBUTIVE EFFECTS OF THE UI PROGRAM ARE QUITE MARKED BETWEEN INDIVIDUALS IN DIFFERENT OCCUPATIONS.

RELATIVE CLAIM RATES AND COST RATIOS - BY REGION: 1974

	RELATIVE CLAIM RATES			RELATIVE COST RATIOS		1974 UNEMPLOYMENT RATES
	MALE	FEMALE	BOTH	MALE	FEMALE	
ATLANTIC	1.71*	1.49	1.63	2.10**	2.54	9.7%
QUEBEC	1.14	1.22	1.17	1.15	1.53	7.3%
ONTARIO	.77	.91	.83	.59	.94	4.1%
PRAIRIE	.62	.61	.61	.44	.53	2.8%
PACIFIC	1.28	1.17	1.24	1.15	1.55	6.0%
CANADA	.99	1.01	1.00	.90	1.19	5.4%

HOW TO INTERPRET
THE TABLE:

* MALES IN THE ATLANTIC REGION HAVE A CLAIM RATE 1.71 TIMES THE AVERAGE.

** MALES IN THE ATLANTIC REGION WOULD HAVE TO BE CHARGED A RATE
2.10 TIMES THE AVERAGE IN ORDER TO MEET THEIR OWN COSTS.

SOURCE:

SEE "SOURCES OF DATA & METHODOLOGY"

RELATIVE CLAIM RATES AND COST RATIOS - BY REGION: 1974

COMMENTS

- (1) THE PRAIRIE PROVINCES HAVE A CLAIM RATE EQUAL TO ONLY 61% OF THE AVERAGE AND A COST RATIO LESS THAN 50% OF THE AVERAGE.
- (2) AT THE OTHER EXTREME, THE ATLANTIC PROVINCES HAVE A CLAIM RATE 63% ABOVE THE AVERAGE AND A COST RATIO 2.2 TIMES THE AVERAGE.
- (3) RELATIVE CLAIM RATES AND COST RATIOS BY REGION ARE QUITE CONSISTENT WITH THE RELATIVE LEVELS OF REGIONAL UNEMPLOYMENT.

NOTE:

THE REGIONAL REDISTRIBUTIVE EFFECTS OF THE UI PROGRAM ARE QUITE SIGNIFICANT, WITH THE ATLANTIC PROVINCES BENEFITING THE MOST.

STATUS IN LABOUR FORCE IN MARCH, 1975 OF INDIVIDUALS WHO WERE IN
INSURED EMPLOYMENT IN 1974 - BY INSURED WEEKS

INSURED WEEKS IN 1974	EMPLOYED IN MARCH, 1975		UNEMPLOYED IN MARCH, 1975		NOT IN LABOUR FORCE IN MARCH, 1975		TOTAL	
	(000)	%	(000)	%	(000)	(%)	(000)	%
LESS THAN 8								
8 - 11	113	24.7	33	7.2	311	67.9	458	100.0
12 - 15	82	26.5	28	9.0	199	64.2	310	100.0
16 - 19	119	34.1	44	12.6	186	53.3	349	100.0
20 - 29	173	46.5	56	15.1	144	38.7	372	100.0
30 - 42	443	54.8	156	19.3	207	25.6	808	100.0
43 - 51	565	62.8	189	21.0	145	16.1	899	100.0
52	612	77.9	112	14.2	62	7.9	786	100.0
TOTAL	5,861	96.2	126	2.1	107	1.8	6,094	100.0
TOTAL MALES	7,968	79.1	744	7.4	1,363	13.5	10,075	100.0
TOTAL FEMALES	5,071	81.7	548	8.8	585	9.4	6,204	100.0
	2,897	74.8	196	5.1	778	20.1	3,871	100.0

SOURCE: SEE "SOURCE OF DATA AND METHODOLOGY"

STATUS IN LABOUR FORCE IN MARCH, 1975 OF INDIVIDUALS
WHO WERE IN INSURED EMPLOYMENT IN 1974

BY INSURED WEEKS

COMMENTS

- (1) THE RATE OF DROP-OUT FROM THE LABOUR FORCE, I.E. THE "NOT IN LABOUR FORCE" PROPORTION, IS AS HIGH AS 64% FOR THE POPULATION WITH 8 TO 11 INSURED WEEKS.
- (2) THE RATE OF DROP-OUT IS SIGNIFICANTLY HIGHER FOR FEMALES (20.1%) COMPARED TO MALES (9.4%).
- (3) THE STABILITY OF ATTACHMENT OF 52-WEEKERS IS OBVIOUS.

LEGISLATIVE
IMPLICATIONS:

THE MARGINALITY OF ATTACHMENT OF 8-TO 11-WEEKERS SUGGESTS SOME RETRENCHMENT OF THEIR BENEFIT ENTITLEMENT, AS ENVISAGED IN THE THREE-PHASE BENEFIT STRUCTURE, AND RAISES QUESTIONS ABOUT THE ENTRANCE REQUIREMENT.

**STATUS IN LABOUR FORCE IN MARCH, 1975 OF INDIVIDUALS WHO WERE
IN INSURED EMPLOYMENT IN 1974 - BY AGE**

AGE IN MARCH, 1975	EMPLOYED IN MARCH, 1975		UNEMPLOYED IN MARCH, 1975		NOT IN LABOUR FORCE IN MARCH, 1975		TOTAL	
	(000)	(%)	(000)	(%)	(000)	(%)	(000)	(%)
UNDER 20	733	53.0	144	10.4	505	36.5	1,383	100.0
20 - 24	1,273	71.1	187	10.4	331	18.5	1,790	100.0
25 - 34	2,131	85.3	157	6.3	211	8.4	2,498	100.0
35 - 44	1,558	88.5	101	5.7	102	5.8	1,760	100.0
45 - 54	1,377	89.1	85	5.5	84	5.4	1,546	100.0
55 - 64	808	84.0	66	6.9	89	9.3	962	100.0
65 - 69	87	64.0	8	5.9	42	30.9	136	100.0
TOTAL	7,968	79.1	744	7.4	1,363	13.5	10,075	100.0
TOTAL MALES	5,071	81.7	548	8.8	585	9.4	6,204	100.0
TOTAL FEMALES	2,897	74.8	196	5.1	778	20.1	3,871	100.0

SOURCE: SEE "SOURCES OF DATA AND METHODOLOGY"

STATUS IN LABOUR FORCE IN MARCH, 1975 OF INDIVIDUALS
WHO WERE IN INSURED EMPLOYMENT IN 1974
BY AGE

COMMENTS

THE RATE OF DROP-OUT FROM THE LABOUR FORCE IS
SIGNIFICANTLY ABOVE AVERAGE FOR PERSONS AGED
LESS THAN 25 AND THOSE 65 AND OVER.

NOTE:

COVERAGE OF PERSONS 65 TO 69 WAS TERMINATED IN
BILL C-69.

WORK DISINCENTIVES

WORK DISINCENTIVES

AN ASSESSMENT OF THE WORK DISINCENTIVE EFFECTS
OF UNEMPLOYMENT INSURANCE

OUTLINE OF PRESENTATION

WORK DISINCENTIVES

- A MULTIDIMENSIONAL CONCEPT
- A MULTIDIMENSIONAL PROBLEM

EMPIRICAL ECONOMIC RESEARCH ON UNEMPLOYMENT

ANALYSIS OF UIC ADMINISTRATIVE STATISTICS

WORK DISINCENTIVES AND UI

- GENERAL CONCLUSIONS
- PROGRAM IMPLICATIONS

WORK DISINCENTIVES - A MULTIDIMENSIONAL CONCEPT

DISINCENTIVE BEHAVIOUR

- (1) CHOICE OF LEISURE ACTIVITIES OVER WORK
- (2) CHOOSINESS ABOUT JOBS
- (3) INADEQUATE JOB SEARCH ACTIVITY
- (4) INCREASED ACCEPTABILITY OF TEMPORARY, PART-TIME OR IRREGULAR EMPLOYMENT

WORK DISINCENTIVES - A MULTIDIMENSIONAL CONCEPT

PUBLIC PERCEPTION

- (1) A PUBLIC ATTITUDE SURVEY OF 1,000 ADULT CANADIANS CARRIED OUT IN OCTOBER, 1974 INDICATED THAT 91% OF THOSE SURVEYED FELT "MANY PEOPLE WERE COLLECTING UI EVEN THOUGH THEY COULD FIND WORK".
- (2) "DISINCENTIVES" MEAN DIFFERENT THINGS TO DIFFERENT PEOPLE.
- (3) AMBIVALENT ATTITUDE TOWARD SOCIAL PROGRAMS: PEOPLE WANT PROTECTION, BUT ARE SUSPICIOUS OF THOSE PROTECTED:
 - (a) A WORK ETHIC SURVEY OF 2,000 CANADIANS CONDUCTED BY MANPOWER REVEALED THAT 82% OF THOSE SURVEYED FELT THAT "THERE IS AN ATMOSPHERE OF 'WELFARE FOR ANYBODY WHO WANTS IT' IN THIS COUNTRY";
 - (b) AND YET, 97% OF THE SURVEY GROUP DISAGREED WITH THE FOLLOWING STATEMENT: "THERE ARE PLENTY OF JOBS THAT ARE AVAILABLE BUT I WOULD RATHER COLLECT UI THAN WORK".

WORK DISINCENTIVES - A MULTIDIMENSIONAL PROBLEM

POSSIBLE SOURCES OF WORK DISINCENTIVES

- (1) ECONOMIC ENVIRONMENT (FACTORS WHICH DECREASE NECESSITY FOR WORK)
 - (a) AVAILABILITY OF UI BENEFITS
 - (b) GROWTH OF OTHER GOVERNMENT TRANSFER PROGRAMS
 - (c) GROWTH OF NATIONAL WEALTH (PARENTAL SUPPORT, HIGH WAGE RATES)
- (2) SOCIO-ECONOMIC ENVIRONMENT
 - (a) CHANGING COMPOSITION OF THE LABOUR FORCE - GROWTH OF SECONDARY INCOME EARNERS
 - (b) CHANGING WORK ETHIC AND JOB EXPECTATIONS - NEED FOR JOB SATISFACTION
 - (c) CHANGING ATTITUDES TO ACCEPTING TRANSFER PAYMENTS - DECLINE IN STIGMA

WORK DISINCENTIVES - A MULTIDIMENSIONAL PROBLEM

THE RELATION BETWEEN UI AND DISINCENTIVES

- (1) LABOUR BEHAVIOUR IS DETERMINED BY A COMPLEX INTERACTION OF SOCIAL, PSYCHOLOGICAL AND ECONOMIC FACTORS.
- (2) NO ONE APPROACH CAN ADEQUATELY DESCRIBE AND MEASURE THE INDEPENDENT ROLE OF UI ON WORK BEHAVIOUR.
- (3) FOR EXAMPLE, THE CANADIAN ECONOMIC STUDIES ON UI HAVE ATTEMPTED TO MEASURE EFFECT OF UI ON VOLUNTARY UNEMPLOYMENT.
- (4) THESE FAIL, HOWEVER, TO TAKE INTO ACCOUNT THE POTENTIALLY PRODUCTIVE USE OF JOB SEARCH FACILITATED BY THE UI PROGRAM.

NOTE: TWO APPROACHES TO MEASURING THE WORK DISINCENTIVES ASSOCIATED WITH UI:

- ECONOMIC ANALYSES OF UNEMPLOYMENT
- UIC ADMINISTRATIVE STATISTICS

EMPIRICAL ECONOMIC RESEARCH ON UNEMPLOYMENT

MAJOR QUESTIONS

- (1) WHAT ARE THE EFFECTS OF THE 1971 CHANGES IN UI ON AGGREGATE DEMAND AND EMPLOYMENT?
- (2) WHAT ARE THE EFFECTS OF THE 1971 CHANGES IN UI ON VOLUNTARY UNEMPLOYMENT AND NET UNEMPLOYMENT?
- (3) WHAT ARE THE EFFECTS OF CHANGING PARTICULAR COMPONENTS SUCH AS THE BENEFIT RATE AND BENEFIT DURATION ON VOLUNTARY UNEMPLOYMENT?
- (4) WHAT IS THE TOTAL IMPACT OF THE 1971 UI PROGRAM ON UNEMPLOYMENT?

EMPIRICAL ECONOMIC RESEARCH ON UNEMPLOYMENT
(RELATION BETWEEN UI AND UNEMPLOYMENT)

LIST OF STUDIES

- (1) S. REA AND G. JUMP, THE IMPACT OF THE 1971 UNEMPLOYMENT INSURANCE ACT ON WORK INCENTIVES AND THE AGGREGATE LABOUR MARKET, FEBRUARY, 1975: A REPORT TO THE UNEMPLOYMENT INSURANCE COMMISSION. (REA USES A MICRO APPROACH, JUMP A MACRO APPROACH)
- (2) TREASURY BOARD SECRETARIAT DRAFT PAPER, THE IMPACT OF THE 1971 UNEMPLOYMENT INSURANCE LEGISLATION ON THE CANADIAN LABOUR MARKET, MARCH, 1975: A TECHNICAL REPORT. (A MACRO APPROACH)
- (3) H. GRUBEL, D. MAKI, S. SAX, REAL AND INSURANCE-INDUCED UNEMPLOYMENT IN CANADA, MAY, 1975: CANADIAN JOURNAL OF ECONOMICS. (A MACRO APPROACH)
- (4) J. COUSINEAU AND C. GREEN, REPORT ON THE IMPACT OF UNEMPLOYMENT INSURANCE ON THE UNEMPLOYMENT RATE, AUGUST, 1974: A REPORT TO THE ECONOMIC COUNCIL OF CANADA. (A MACRO APPROACH)
- (5) A. DONNER AND F. LAZAR, THE OPERATION OF THE CANADIAN LABOUR MARKET AND THE IMPACT OF THE 1971 REVISION OF THE UNEMPLOYMENT INSURANCE ACT, JANUARY, 1975: A REPORT TO THE UIC. (A MACRO APPROACH)
- (6) F. DENTON, J. FEAVER, L. ROBB, PATTERNS OF UNEMPLOYMENT IN CANADA, JULY, 1974: A REPORT TO THE ECONOMIC COUNCIL OF CANADA. (A MACRO APPROACH)

EMPIRICAL ECONOMIC RESEARCH ON UNEMPLOYMENT

NOTE:

- (1) ALL THE ECONOMIC STUDIES SHARE THE VIEW THAT UI REMOVES THE NECESSITY FOR SOME PEOPLE TO STAY AT WORK AND FOR THE OTHERS TO RETURN TO WORK QUICKLY.
- (2) ONE STUDY EXAMINES THE EVIDENCE THROUGH A MICRO FRAMEWORK, WHILE THE OTHERS CHOOSE A MACRO APPROACH.

THE MICRO APPROACH - REA'S MODEL

METHODOLOGY:

- (1) THE ACTUAL WORK BEHAVIOUR OF INDIVIDUALS BETWEEN 1966 AND 1970 IS EXAMINED.
- (2) MAKING ASSUMPTIONS ABOUT THE NATURE OF UNEMPLOYMENT, THE IMPACT OF THE 1971 UI ACT ON AN INDIVIDUAL'S NON-LABOUR INCOME AND HIS EFFECTIVE WAGE ARE CALCULATED THROUGH REGRESSION ANALYSIS AND THE EFFECTS ON HIS WEEKS WORKED AND VOLUNTARY UNEMPLOYMENT ARE PREDICTED.

ASSUMPTIONS:

- (1) UNEMPLOYMENT IS ASSUMED TO BE ALL VOLUNTARY AND ALL LEISURE.
- (2) KNOWLEDGE OF BENEFIT ENTITLEMENT IS ALSO ASSUMED.
- (3) RESEARCH SAMPLE CONSISTS OF ABOUT 46,000 INDIVIDUALS WHO PAY UI PREMIUMS.
- (4) THESE ASSUMPTIONS ARE NECESSARY TO SIMPLIFY THE MEASUREMENT PROCESS.

EMPIRICAL ECONOMIC RESEARCH ON UNEMPLOYMENT
THE MICRO APPROACH - REA'S MODEL

(Cont'd)

LIMITATIONS

THE MICRO METHOD IS A LOGICAL APPROACH TO MEASURING THE VOLUNTARY UNEMPLOYMENT EFFECT OF UI; HOWEVER, THE RESULTING ESTIMATES OF THE UNEMPLOYMENT EFFECT SHOULD BE TREATED WITH CAUTION BECAUSE:

- (1) ASSUMPTIONS ABOUT THE NATURE OF UNEMPLOYMENT ARE RIGID AND ARTIFICIAL;
- (2) THE LABOUR SUPPLY RELATIONSHIPS WHICH ARE CRITICALLY IMPORTANT IN OBTAINING THE RESULTS MAY NO LONGER BE VALID IN THE 1970's;
- (3) WEEKS WORKED FOR ALL INDIVIDUALS ARE ASSUMED TO BE OPTIMAL;
- (4) A COMPLETE AND INSTANTANEOUS ADAPTATION OF WORK BEHAVIOUR TO THE 1971 ACT IS ASSUMED.

EMPIRICAL ECONOMIC RESEARCH ON UNEMPLOYMENT
MACRO APPROACH

METHODOLOGY

- (1) MACRO STUDIES ALSO USE REGRESSION ANALYSIS TO ATTEMPT TO EXPLAIN THE NATIONAL UNEMPLOYMENT RATE IN TERMS OF FACTORS AFFECTING LABOUR SUPPLY AND DEMAND IN TERMS OF VARIABLES WHICH REFLECT THE UI PROGRAM CHANGES.
- (2) SIMULATIONS OF THE EFFECTS OF CHANGING THE UI PROGRAM ARE MADE BY ALTERING THE VALUES OF THE UI VARIABLES WHILE HOLDING ALL OTHER EXPLANATORY FACTORS IN THE REGRESSION CONSTANT.

EMPIRICAL ECONOMIC RESEARCH ON UNEMPLOYMENT

MACRO APPROACH

(Cont'd)

LIMITATIONS

- (1) STATISTICAL AND DATA PROBLEMS CAST CONSIDERABLE DOUBT ON THE RELIABILITY OF THE FINDINGS.

A KEY DIFFICULTY IN THE SIMULATION PROCESS IS THAT THE UI FACTORS ARE NOT INDEPENDENT OF THE OTHER FACTORS IN THE MODEL, (E.G., CHANGING THE UI PROGRAM MAY AFFECT THE HELP WANTED INDEX IN ADDITION TO UNEMPLOYMENT).

- (2) UNLIKE THE REA APPROACH, THE INFLUENCE OF DIFFERENT CHARACTERISTICS OF THE UI PROGRAM CANNOT BE SEPARATED BY THE MACRO METHOD.
- (3) UNLIKE REA, THE MACRO APPROACH IS USEFUL ONLY FOR CALCULATING THE UNEMPLOYMENT EFFECTS OF CHANGES IN THE UI PROGRAM.

EMPIRICAL ECONOMIC RESEARCH ON UNEMPLOYMENT

SUMMARY OF RESULTS ESTIMATED IMPACT OF THE 1971 UI CHANGES ON THE UNEMPLOYMENT RATE

(BASE FOR % CALCULATION IS THE CANADIAN LABOUR FORCE)

STUDIES	FRAMEWORK	VOLUNTARY UNEMPLOYMENT EFFECT 1973	NET (DEMAND AND SUPPLY EFFECTS) UNEMPLOYMENT EFFECT 1973
1. JUMP	MACRO	-	0.1%
2. REA	MICRO	0.7%*	
3. GRUBEL AND MAKI	MACRO	0.8% (1972 ESTIMATE ONLY AVAILABLE)	
4. GREEN AND COUSINEAU	MACRO	0.4%	
5. TREASURY BOARD DRAFT PAPER	MACRO	1.0%	
6. DENTON FEAVER ROBB	MACRO	NO STATISTICALLY SIGNIFICANT EFFECT	
7. DONNER AND LAZAR	MACRO	NO STATISTICALLY SIGNIFICANT EFFECT	

*PERCENTAGE APPLIES TO INDIVIDUALS ALREADY IN THE LABOUR FORCE WHO WOULD HAVE BEEN AT WORK IN THE ABSENCE OF UI CHANGES. THE FIGURE SHOULD BE RAISED BY 0.3% IF THE UNEMPLOYMENT OF INDIVIDUALS WHO WOULD HAVE BEEN OUT OF THE LABOUR FORCE IS ALSO TAKEN INTO ACCOUNT.

EMPIRICAL ECONOMIC RESEARCH ON UNEMPLOYMENT

SUMMARY OF THE METHODS OF MAJOR STUDIES

1. STUDY	2. VARIABLE TO BE EXPLAINED	3. UI VARIABLES	4. OTHER EXPLANATORY VARIABLES	5. ESTIMATION PERIOD & DATA	6. FORM OF DATA
TREASURY BOARD	UNEMPLOYMENT RATE (VOLUNTARY UNEMPLOYMENT)	1. AVERAGE BENEFIT RATE 2. PROPORTION OF WEEKS COMPENSATED/ UNEMPLOYED	HELP WANTED INDEX, COMPOSITION OF LABOUR FORCE	1962 TO 1973 STATISTICS CANADA	QUARTERLY
GRUBEL MAKI SAX	UNEMPLOYMENT (VOLUNTARY UNEMPLOYMENT)	1. AVERAGE BENEFIT RATE 2. PROPORTION OF NEW CLAIMS INELIGIBLE	% CHANGE IN GNP, PARTICIPATION RATES	1953 TO 1972 STATISTICS CANADA	ANNUAL
ECONOMIC COUNCIL OF CANADA	UNEMPLOYMENT RATE (VOLUNTARY UNEMPLOYMENT)	1. AVERAGE BENEFIT RATE 2. PROPORTION OF COVERED POPULATION DISQUALIFIED TIMES BENEFIT RATE	DEVIATION FROM TREND IN GNP, PARTICIPATION RATES	1959 TO 1973 STATISTICS CANADA	QUARTERLY
REA	WEEKS WORKED & VOLUNTARY UNEMPLOYMENT	1. INDIVIDUAL NON-LABOUR INCOME 2. INDIVIDUAL EFFECTIVE WAGE	PROVINCIAL UNEMPLOYMENT RATE, DEMOGRAPHIC FACTORS	1966 TO 1970 UIC DATA	ANNUAL

EMPIRICAL ECONOMIC RESEARCH ON UNEMPLOYMENT
S. REA STUDY

SUMMARY OF IMPACT OF VARIOUS FEATURES OF THE 1971 CHANGES

<u>IMPACT</u>	<u>FACTOR</u>	<u>IMPACT ON AVERAGE WEEKS WORKED</u>
	GROSS INCREASED BENEFIT RATE	-8.0%
	TAXATION OF BENEFITS	<u>2.9%</u>
	NET INCREASED BENEFIT RATE	-5.1%
	REDUCED ENTRANCE REQUIREMENTS	-2.1%
	CHANGED DURATION OF BENEFIT ENTITLEMENT	-0.1%
	INCREASED WAITING PERIOD	<u>2.5%</u>
	TOTAL	<u><u>-4.8%</u></u>

EMPIRICAL ECONOMIC RESEARCH ON UNEMPLOYMENT

S. REA STUDY

(Cont'd)

SUMMARY OF THE
FINDINGS

- (1) THE BENEFIT RATE HAD THE SINGLE LARGEST INFLUENCE ON VOLUNTARY UNEMPLOYMENT.
- (2) THE INCREASED WAITING PERIOD HAS INCREASED INCENTIVE TO WORK.

EMPIRICAL ECONOMIC RESEARCH ON UNEMPLOYMENT

SUMMARY

- (1) THE COMBINED RESULTS FROM THE REA AND JUMP STUDIES INDICATE THAT THE 1971 UI PROGRAM CHANGES HAD A NEGLIGIBLE NET IMPACT ON THE UNEMPLOYMENT RATE.

IT IS ESTIMATED THAT THE UI ACT ADDED 0.2% TO THE UNEMPLOYMENT RATE IN 1973.

JUMP'S ESTIMATE OF THE AGGREGATE DEMAND EFFECTS LARGELY OFFSETS THE VOLUNTARY UNEMPLOYMENT EFFECT ESTIMATED BY REA.

- (2) ALL OF THE STUDIES EXAMINED THE VOLUNTARY UNEMPLOYMENT EFFECT OF THE CHANGES IN THE UI LEGISLATION. ESTIMATES OF THIS EFFECT RANGE FROM 0% TO 1.0%.

EMPIRICAL ECONOMIC RESEARCH ON UNEMPLOYMENT

SUMMARY (Cont'd)

- (3) THE REA STUDY CONCLUDES THAT THE BENEFIT RATE HAS THE MOST POWERFUL INFLUENCE ON VOLUNTARY UNEMPLOYMENT.
- (4) REA'S STUDY ESTIMATES THAT THE TOTAL IMPACT OF THE 1971 UI ACT MAY HAVE BEEN TO INCREASE VOLUNTARY UNEMPLOYMENT BY 1.2% OF THE LABOUR FORCE AS COMPARED WITH 0.7% FOR THE DIFFERENTIAL IMPACT BETWEEN THE OLD AND THE NEW ACT.

EMPIRICAL ECONOMIC RESEARCH ON UNEMPLOYMENT

EVALUATION

ALL OF THE RESULTS OF THE ECONOMIC STUDIES ARE EXPLORATORY RATHER THAN DEFINITIVE. STATISTICAL AND DATA DIFFICULTIES ARE COMMON TO ALL OF THEM AND RAISE SOME DOUBTS ABOUT THE RELIABILITY OF THE FINDINGS.

- (1) IN THE REA STUDY THE AUTHOR HAS ADOPTED A PROFESSIONAL APPROACH TO MEASURING THE DISINCENTIVE EFFECT OF UI. THE STRENGTHS OF HIS ANALYSIS ARE REDUCED BY THE FOLLOWING KEY WEAKNESSES:
 - (a) HIS HIGHLY RESTRICTIVE ASSUMPTION ABOUT UNEMPLOYMENT - ALL LEISURE,
 - (b) HIS USE OF A JUDGMENTAL FACTOR IN DERIVING HIS ESTIMATE OF VOLUNTARY UNEMPLOYMENT DUE TO UI,
 - (c) SEVERAL DATA DIFFICULTIES.

THE KEY STRENGTH OF HIS ANALYSIS IS THAT HE OBTAINS ESTIMATES OF THE SEPARATE IMPACT ON DISINCENTIVES OF INDIVIDUAL COMPONENTS OF UI SUCH AS THE BENEFIT RATE AND BENEFIT DURATION - AN ATTRIBUTE NOT SHARED BY THE OTHER STUDIES.

EMPIRICAL ECONOMIC RESEARCH ON UNEMPLOYMENT

EVALUATION

(Cont'd)

- (2) THE TREASURY BOARD SECRETARIAT STUDY USES AN ENTIRELY DIFFERENT APPROACH TO MEASURING WORK DISINCENTIVES.

THE RESULTS ARE WEAKENED BY A MAJOR DIFFICULTY IN THE UNEMPLOYMENT SIMULATION PROCESS, AS THE AUTHORS RECOGNIZE.

IT IS LIKELY THAT THIS METHOD LEADS TO AN OVERESTIMATE IN THE MEASURED DISINCENTIVE EFFECT.

THIS OCCURS BECAUSE OF THE INTERDEPENDENCE, FOR EXAMPLE, OF THE UI PROGRAM VARIABLES AND THE HELP WANTED INDEX.

- (3) STUDIES BY GRUBEL, MAKI, SAX AND THE ECONOMIC COUNCIL OF CANADA ARE SIMILAR IN APPROACH TO THE TREASURY BOARD.

MAJOR PROBLEMS ARE ENCOUNTERED:

- (a) IN OBTAINING UI PROXIES WHICH ADEQUATELY REFLECT THE ENTIRE UI PROGRAM,
- (b) IN DEFINING FACTORS WHICH REFLECT THE DEMAND FOR LABOUR,
- (c) IN IDENTIFYING UI VARIABLES INDEPENDENT OF THE UNEMPLOYMENT RATE.

- (4) THE DENTON, FEATHER, ROBB AND DONNER AND LAZAR STUDIES ALSO CONTAIN CERTAIN TECHNICAL DEFICIENCIES WHICH MAY PROFOUNDLY AFFECT THEIR FINDINGS.

ANALYSIS OF UIC ADMINISTRATIVE STATISTICS

DISQUALIFICATION OF VOLUNTARY QUILTS WITHOUT JUST CAUSE AS A % OF ALL REGULAR CLAIMS BY VARIOUS CHARACTERISTICS

1974

<u>AGE</u>	<u>MALE</u> (%)	<u>FEMALE</u> (%)	<u>BOTH</u> (%)
UNDER 25	16.6	20.7	18.1
25 - 44	10.3	15.9	12.4
45 - 64	6.7	11.7	8.4
65 AND OVER	4.8	6.4	5.1
DEPENDENCY STATUS			
<u>NO DEPENDENTS</u>	14.4	16.6	15.4
<u>DEPENDENTS</u>	7.7	18.9	8.3
INSURED WEEKS			
<u>"MINOR</u>			
ATTACHMENT"	11.6	10.9	11.3
8 - 11	10.8	11.9	11.1
12 - 19			
<u>"MAJOR</u>	11.8	19.1	14.5
ATTACHMENT"			
TOTAL	11.6	16.7	13.4

(1) THESE STATISTICS ARE NET OF RESCINDS.

(2) THE OVERALL COMPARABLE RATE FOR VOLUNTARILY QUITTING
WITHOUT JUST CAUSE IN 1973 WAS 14.5%.

NOTE:

ANALYSIS OF UIC ADMINISTRATIVE STATISTICS

COMMENTS

- (1) FOR BOTH MALES AND FEMALES, THE YOUNGER THE CLAIMANT THE HIGHER THE RATE OF VOLUNTARY QUITTING.
- (2) MALES WITH NO DEPENDENTS AND FEMALES (WITH AND WITHOUT DEPENDENTS) HAVE A HIGH INCIDENCE OF VOLUNTARY QUITTING.
- (3) FOR FEMALES, THE INCIDENCE OF VOLUNTARY QUITTING RISES WITH GREATER LABOUR FORCE ATTACHMENT.

ANALYSIS OF UIC ADMINISTRATIVE STATISTICS

CLAIMS DISENTITLED AND DISQUALIFIED FOR REASONS OF NON-AVAILABILITY, JOB REFUSAL AND INADEQUATE JOB SEARCH AS A % OF ALL REGULAR CLAIMS

1974

	<u>MALE</u>	<u>FEMALE</u>	<u>BOTH</u>
<u>AGE</u>	(%)	(%)	(%)
UNDER 25	15.0	30.6	20.7
25 - 44	9.9	29.4	17.2
45 - 64	10.0	25.4	15.3
65 AND OVER	19.3	30.0	21.3
<u>DEPENDENCY STATUS</u>			
NO DEPENDENTS	14.6	29.1	21.6
DEPENDENTS	8.3	27.6	9.5
<u>INSURED WEEKS</u>			
"MINOR ATTACHMENT"			
8 - 11	13.9	23.5	17.3
12 - 19	13.1	24.4	17.0
"MAJOR ATTACHMENT"	<u>11.2</u>	<u>31.4</u>	<u>18.6</u>
TOTAL	12.0	29.0	18.1

NOTE: (1) THESE STATISTICS ARE NET OF RESCINDS.

(2) THE OVERALL COMPARABLE RATE OF DISQUALIFICATION/DISENTITLEMENT
IN 1973 WAS 17.4%.

ANALYSIS OF UIC ADMINISTRATIVE STATISTICS

COMMENTS

- (1) FEMALE RATE OF DISQUALIFICATION/DISENTITLEMENT IS MORE THAN TWICE AS HIGH AS MEN.
- (2) BOTH YOUNG AND OLD MEN AND MEN WITH NO DEPENDENTS HAVE A HIGHER THAN AVERAGE RATE OF DISQUALIFICATION/DISENTITLEMENT FOR ALL MALES.
- (3) MAJOR ATTACHMENT FEMALES HAVE A SIGNIFICANTLY HIGHER RATE OF DISQUALIFICATION/DISENTITLEMENT THAN MINOR ATTACHMENT FEMALES.

ANALYSIS OF UIC ADMINISTRATIVE STATISTICS

RATES OF DISENTITLEMENT AND DISQUALIFICATION FOR NON-AVAILABILITY, INADEQUATE JOB SEARCH AND JOB REFUSAL, FOR VOLUNTARY QUILTS WITHOUT JUST CAUSE AND ALL REGULAR CLAIMS

1974

	<u>VOLUNTARY QUILTS</u>			<u>ALL REGULAR CLAIMS</u>		
	<u>MALE</u> (%)	<u>FEMALE</u> (%)	<u>BOTH</u> (%)	<u>MALE</u> (%)	<u>FEMALE</u> (%)	<u>BOTH</u> (%)
<u>INSURED WEEKS</u>						
8 - 11	23.6	39.0	28.8	13.9	23.5	17.3
12+	24.3	42.0	32.5	11.7	29.8	18.3
<u>DEPENDENCY STATUS</u>						
NO DEPENDENTS	25.4	41.9	33.9	14.6	29.1	21.6
DEPENDENTS	21.2	40.2	23.7	8.3	27.6	9.5
TOTAL	24.2	41.8	32.1	12.0	29.0	18.1

NOTE: THESE STATISTICS ARE NET OF RESCINDS.

ANALYSIS OF UIC ADMINISTRATIVE STATISTICS

COMMENTS

- (1) VOLUNTARY QUILTS RECEIVE ALMOST TWICE AS MANY
DISENTITLEMENTS AND/OR DISQUALIFICATIONS FOR NON-
AVAILABILITY, REFUSAL OF SUITABLE JOB, AND INADEQUATE
JOB SEARCH AS DO ALL REGULAR CLAIMANTS.
- (2) THIS TENDENCY IS EVEN MORE PRONOUNCED FOR MEN THAN
IT IS FOR WOMEN.

ANALYSIS OF UIC ADMINISTRATIVE STATISTICS

STUDY OF UIC EXHAUSTEES

- (1) SURVEY (1973) EXAMINED EXHAUSTEES' BEHAVIOUR OVER A SIX-MONTH PERIOD AFTER CLAIMS HAD BEEN EXHAUSTED
- (2) THE RELEVANT FINDING IS THAT 63% FOUND WORK, ON AVERAGE, AFTER 6 WEEKS OF SEARCHING AND HELD THE JOB FOR 16 WEEKS WITHIN THE SURVEY PERIOD.

ANALYSIS OF UIC ADMINISTRATIVE STATISTICS

STUDY OF UIC REPEATERS

A HIGH PROPORTION OF UI CLAIMANTS HAVE REPEAT CLAIMS (50%). THIS IS A REFLECTION OF INTERMITTENT OR UNSTABLE JOB PATTERNS WHICH MAY BE PARTIALLY ATTRIBUTABLE TO THE AVAILABILITY OF UI CENEFITS. IT SHOULD BE RECALLED, HOWEVER, THAT THE RATE OF DISQUALIFICATIONS/DISENTITLEMENTS FOR REPEATERS IS SIGNIFICANTLY BELOW THE RATE FOR NON-REPEATERS (ABOUT ONE-HALF).

ANALYSIS OF FINDINGS OF UIC ADMINISTRATIVE STATISTICS

EVALUATION

- (1) UIC ADMINISTRATIVE STATISTICS ON DISQUALIFICATIONS AND DISENTITLEMENTS ARE ONE INDICATOR OF THE EXTENT TO WHICH CLAIMANTS HAVE NOT FULFILLED THEIR OBLIGATIONS UNDER THE UI ACT.
 - (2) THEIR VALUE IS FOUND IN THE IDENTIFICATION OF DIFFERENT BEHAVIOUR OVER A CONTINUING PERIOD OF TIME, BY CLAIMANT CHARACTERISTIC.
- THESE STATISTICS SHOW SIGNIFICANT DIFFERENCES AMONG DIFFERENT GROUPS (VOLUNTARY QUILTS, WOMEN, YOUTHS), ALTHOUGH DISINCENTIVES ARE DETECTED IN ALL CATEGORIES OF CLAIMANTS.

ANALYSIS OF FINDINGS OF UIC ADMINISTRATIVE STATISTICS

EVALUATION

(Cont'd)

(3) THE PROBLEM IS HOW TO INTERPRET THESE STATISTICS.

TO WHAT EXTENT ARE THEY A REFLECTION OF DISINCENTIVES OR RATHER, THAT WOMEN AND YOUTHS ARE FILLING DEAD-END JOBS?

IN WHAT WAY DOES IT REFLECT ADMINISTRATIVE PRIORITIES, E.G. CONCENTRATION OF ADMINISTRATIVE CONTROL PROGRAMS ON VOLUNTARY QUILTS, WOMEN AND YOUTHS?

(4) A FURTHER LIMITATION IS THAT ADMINISTRATIVE STATISTICS ON DISQUALIFICATIONS AND DISENTITLEMENTS ARE, TO SOME EXTENT, ENCASED IN LEGAL AND TRADITIONAL RIGIDITIES WHICH ARE NOT SUFFICIENTLY SENSITIVE TO THE DYNAMIC CHARACTER OF THE LABOUR MARKET (CHANGING COMPOSITION, WORK ETHIC, BETTER USE OF JOB SEARCH, TIME, ETC.).

WORK DISINCENTIVES AND UI

GENERAL CONCLUSIONS

- (1) DESPITE THE PROBLEMS OF MEASURING THE MAGNITUDE OF THE DISINCENTIVE EFFECT, IT IS UNDENIABLE THAT UI CONTRIBUTED TO WORK DISINCENTIVES.
- (2) TO THE EXTENT THAT UI FULFILLS ONE OF ITS PRIME OBJECTIVES OF FACILITATING A MORE EFFECTIVE JOB SEARCH AND PRESERVING SKILLS, SOME OF THE EFFECTS OF INCREASED VOLUNTARY UNEMPLOYMENT ARE POSITIVE.

THIS IS A PRIORITY AREA FOR EMPIRICAL INVESTIGATION.

WORK DISINCENTIVES AND UI

GENERAL CONCLUSIONS

(Cont'd)

- (3) THE GREATER THE INCOME PROTECTION PROVIDED BY THE UI PROGRAM, THE GREATER IS THE POTENTIAL DISINCENTIVE EFFECT.
- (4) ANY REDUCTION IN THE GENEROSITY OF THE PROGRAM WILL AFFECT BONA FIDE CLAIMANTS AS WELL AS MISUSERS (DIFFICULTY OF SELECTIVITY).
- (5) OTHER GOVERNMENT INCOME TRANSFER PROGRAMS (E.G. WELFARE, PENSIONS), THE TAXATION SYSTEM AND DEVELOPMENTS IN THE PRIVATE SECTOR (SHORTER WORK WEEKS, ENHANCED PENSIONS, EARLY RETIREMENT), HAVE UNDOUBTEDLY HAD AN IMPACT ON THE INCENTIVE TO WORK. THIS CONTRIBUTES TO THE DIFFICULTY OF MEASURING THE DISINCENTIVE EFFECTS OF THE UI PROGRAM AND ASSESSING THEIR IMPLICATIONS.

THE QUESTION OF THE IMPACT ON WORK INCENTIVES WILL CONTINUE TO BE IMPORTANT, NOT ONLY FOR UI, BUT ALSO FOR OTHER INCOME MAINTENANCE PROGRAMS IN THE EVOLVING CANADIAN SOCIAL SECURITY SYSTEM AND CLEARLY CALLS FOR A FURTHER INTENSIVE ANALYSIS.

WORK DISINCENTIVES AND UI

PROGRAM IMPLICATIONS

- (1) DISINCENTIVES CAN BE REDUCED BY ADMINISTRATIVE AND LEGISLATIVE CHANGES. ADMINISTRATIVE CONTROLS, WHICH ARE SELECTIVE, HAVE THE ADVANTAGE OF REDUCING WORK DISINCENTIVE BEHAVIOUR WITHOUT DISCRIMINATING AGAINST THOSE CLAIMANTS ENGAGING IN PRODUCTIVE JOB SEARCH.
- (2) POSITIVE STEPS ARE REQUIRED TO FACILITATE THE REABSORPTION OF UNEMPLOYED WORKERS INTO STABLE AND REWARDING EMPLOYMENT. THE COMMISSION POLICIES AND PROGRAM RELATED TO THE DETERMINATION OF INITIAL AND CONTINUING ELIGIBILITY AND THE LINKAGES WITH MANPOWER PROGRAMS AND POLICIES ARE CRITICALLY IMPORTANT IN THIS CONNECTION.

WORK DISINCENTIVES AND UI

PROGRAM IMPLICATIONS (Cont'd)

- (3) RECENT LEGISLATIVE CHANGES (BILL C-69) AND FURTHER PROPOSALS FOR LEGISLATIVE CHANGES CAN REDUCE THE INCENTIVE TO CLAIM, INCREASE THE INCENTIVE TO REMAIN AT WORK AND TO RETURN TO WORK MORE QUICKLY. THE NEW PROPOSALS INCLUDE:

A CLOSER RELATIONSHIP BETWEEN LABOUR FORCE ATTACHMENT AND BENEFIT ENTITLEMENT (THREE-PHASE BENEFIT STRUCTURE).

- (4) UIC ADMINISTRATIVE STATISTICS ON DETECTED MISUSE DO NOT INDICATE A CONCENTRATION OF MISUSE AMONG 8-11 WEEKERS. THERE REMAINS THE QUESTION, HOWEVER, OF THE EXTENT TO WHICH MINOR ATTACHEES TO THE LABOUR FORCE AND THOSE WITH IRREGULAR WORK PATTERNS, PARTICULARLY 8-11 WEEKERS, SHOULD BE SUBSIDIZED BY THE UI PROGRAM.

MACRO ECONOMIC IMPACT
OF UI PROGRAM

MACRO ECONOMIC IMPACT
OF UI PROGRAM

OUTLINE OF PRESENTATION

CONCEPTUAL FRAMEWORK

- MACRO-ECONOMIC EFFECTS OF UI PROGRAM
- INCOME STABILIZATION EFFECTS OF UI PROGRAM

GREG JUMP'S STUDY

- METHODOLOGY
- RESULTS
- EVALUATION/LIMITATIONS

MACRO-ECONOMIC IMPACT OF UI PROGRAM

PURPOSES

- (1) ANALYZE THE INCOME STABILIZATION EFFECTS OF THE
UI PROGRAM
- (2) DESCRIBE THE EMPIRICAL ANALYSIS BY GREG JUMP OF
THE MACRO-ECONOMIC EFFECTS OF THE UI PROGRAM
FOR THE PERIOD 1971 - 1974

MACRO-ECONOMIC IMPACT OF UI PROGRAM

GENERAL OBSERVATIONS

- (1) MONETARY AND FISCAL POLICIES ATTEMPT, AMONG OTHER THINGS, TO SMOOTH OUT FLUCTUATIONS IN ECONOMIC ACTIVITY TO MAINTAIN FULL EMPLOYMENT, INCOME AND PRICES. THIS IS THE STABILIZATION OBJECTIVE.
- (2) THE GOVERNMENT AFFECTS INCOME AND PRICE STABILITY BY INFLUENCING AGGREGATE DEMAND, (I.E., EXPENDITURES ON GOODS AND SERVICES) AND AGGREGATE SUPPLY, (I.E., THE PRODUCTION OF GOODS AND SERVICES).
- (3) UI AFFECTS BOTH AGGREGATE DEMAND AND AGGREGATE SUPPLY:
 - (a) THE PAYMENT OF UI BENEFITS SUSTAINS THE LEVEL OF EFFECTIVE DEMAND;
 - (b) UI BENEFITS CAN INDUCE VOLUNTARY UNEMPLOYMENT (DISINCENTIVE EFFECT); THAT IS, REDUCE THE NUMBER OF WEEKS WORKED, WHICH CAN REDUCE THE OUTPUT OF GOODS AND SERVICES AS WELL AS THE DEMAND FOR LABOUR.
- (4) THE CO-EXISTENCE OF A HIGH INFLATION RATE WITH A HIGH UNEMPLOYMENT RATE POSES CRITICAL PROBLEMS TO THE ACHIEVEMENT OF AN EFFECTIVE DEGREE OF ECONOMIC STABILITY FOR WHICH TRADITIONAL POLICIES ARE RELATIVELY INEFFECTIVE AND FOR WHICH THERE ARE NO READY SOLUTIONS.

INCOME STABILIZATION EFFECTS OF UI PROGRAM

GENERAL CONCEPTUAL CONSIDERATIONS

IN A PERIOD OF ACTUAL OR POTENTIAL DOWNTURN THE UI PROGRAM MAY STABILIZE INCOME BY ADDING STIMULUS TO THE ECONOMY THROUGH:

- (1) INJECTING NET ADDITIONAL DOLLARS INTO THE ECONOMY (I.E., DOLLARS WHICH WOULD NOT OTHERWISE HAVE BEEN SPENT) TO DETERMINE THIS REQUIRES A STUDY OF THE FINANCING ARRANGEMENTS OF THE PROGRAM:
 - (a) TO WHAT EXTENT ARE REVENUES RAISED THROUGH PAYROLL TAXES, GENERAL TAXES OR DEBT?
 - (b) DO UI PAYOUTS DISPLACE OTHER (i) GOVERNMENT EXPENDITURES, AND/OR (ii) PRIVATE EXPENDITURES?

THESE ISSUES REQUIRE AN EMPIRICAL STUDY OF THE SPENDING (CONSUMPTION, INVESTMENT) PROPENSITIES OF THE BENEFICIARIES OF THE UI PROGRAM AND OF THOSE WHO CONTRIBUTE TO ITS FINANCING.

- (2) REDISTRIBUTIVE EFFECT OF REALLOCATING GIVEN FUNDS BETWEEN INDIVIDUALS, GROUPS AND REGIONS WITH DIFFERENT PROPENSITIES AND PATTERNS OF SPENDING (E.G., UI BENEFICIARIES MAY HAVE HIGHER AND DIFFERENT PROPENSITIES TO SPEND THAN CONTRIBUTORS).

INCOME STABILIZATION EFFECTS OF UI PROGRAM

GENERAL CONCEPTUAL CONSIDERATIONS

(cont'd)

- (3) TEMPORAL SEQUENCING EFFECT OF TIMING THE CASH INFLOW AND OUTFLOW OVER DIFFERENT PERIODS, E.G., EXPENDITURES MAY BE MADE CONTINUOUSLY WHILE REVENUE MAY BE RAISED WITH CONSIDERABLE TIME LAGS, THEREBY ADDING CASH FLOW IN THE INTERIM.

A SPECIAL ASPECT OF THE TEMPORAL SEQUENCING EFFECT RELATES TO THE SPEED AND CERTAINTY WITH WHICH MONEY IS PUMPED INTO THE ECONOMY.

NOTE:

- (1) THERE CAN BE REDISTRIBUTIVE AND TEMPORAL SEQUENCING EFFECTS WITHOUT ANY NET ADDITIONAL INJECTION OF FUNDS, BUT WITH THE NET ADDITIONAL INJECTION, BOTH THE REDISTRIBUTIVE EFFECT AND THE TEMPORAL SEQUENCING EFFECT WILL BE MAGNIFIED.

- (2) THE IMPACT WOULD DEPEND NOT ONLY UPON THE SIZE OF THE STIMULUS BUT ALSO ON THE SIZE OF THE MULTIPLIER, WHICH DEPENDS ON THE STATE OF THE ECONOMY (E.G., WHETHER OR NOT SUPPLY BOTTLENECKS ARE ENCOUNTERED), AND THE DIFFERENCE IN PROPENSITY TO SPEND (CONSUME OR INVEST) OF VARIOUS GROUPS AND/OR REGIONS AND SO ON. IN THE CONTEXT OF THE CURRENT PARADOX OF HIGH UNEMPLOYMENT CO-EXISTING WITH HIGH RATES OF INFLATION, UI EXPENDITURES CAN ALSO HAVE DESTABILIZING EFFECTS THROUGH THEIR IMPACT ON INFLATION.

INCOME STABILIZATION EFFECTS OF CURRENT UI PROGRAM

COMMENTS

- (1) INCOME STABILIZATION IS NOT ONE OF THE
PRIMARY OBJECTIVES OF UI, BUT THE PROGRAM
HAS IMPORTANT STABILIZATION EFFECTS.

INCOME STABILIZATION EFFECTS OF CURRENT UI PROGRAM

COMMENTS
(Cont'd)

(2) THE STIMULUS THE UI PROGRAM MAY ADD TO THE ECONOMY DEPENDS ON THE FINANCING ARRANGEMENTS OF THE PROGRAM.

(3) THE UI ACCOUNT HAS TWO DIFFERENT FINANCING ARRANGEMENTS - THE PRIVATE SECTOR AND THE GOVERNMENT SECTOR.

INCOME STABILIZATION EFFECTS OF CURRENT UI PROGRAM

FINANCING
ARRANGEMENTS

PRIVATE SECTOR:

CONTRIBUTION RATES ARE SET AT LEVELS THAT WOULD MAKE
THE PRIVATE SECTOR PORTION OF THE ACCOUNT SELF-
FINANCING; THEREFORE, THIS ACCOUNT CAN ONLY HAVE
REDISTRIBUTIVE AND TEMPORAL SEQUENCING EFFECTS.

INCOME STABILIZATION EFFECTS OF CURRENT UI PROGRAM

FINANCING ARRANGEMENTS

(Cont'd)

GOVERNMENT SECTOR:

- (1) THE GOVERNMENT FINANCIAL LIABILITY IS RELATED TO THE UNEMPLOYMENT RATE. IN ADDITION TO THE REDISTRIBUTIVE AND TEMPORAL SEQUENCING EFFECTS, GOVERNMENT FINANCING MAY ADD NET DOLLARS TO THE ECONOMY. THIS OCCURRENCE DEPENDS ON THE METHODS OF FINANCING (TAXES, DEBT, ETC.) AND ON WHETHER OR NOT A GIVEN DOLLAR OF UI BENEFIT DISPLACES OTHER GOVERNMENT OR PRIVATE EXPENDITURES.
- (2) THE ASSESSMENT OF THE STIMULUS OF UI DEPENDS ON ASSUMPTIONS ABOUT GOVERNMENT FISCAL-MONETARY POLICIES. THUS, THE IMPACT OF UI CANNOT BE APPRAISED IN ISOLATION BUT MUST BE EXAMINED IN THE CONTEXT OF OVERALL GOVERNMENT POLICIES OF EXPENDITURE AND REVENUE RAISING PROGRAMS.
- (3) THE AUTOMATIC STABILIZATION ASPECT, HOWEVER, STANDS OUT AS THE MOST IMPORTANT FISCAL FEATURE OF THE UI PROGRAM, PARTICULARLY IN COMPARISON WITH OTHER PROGRAMS.

UI COMPENSATES FOR DECLINES IN AGGREGATE DEMAND BY PUTTING MONEY IMMEDIATELY IN THE HANDS OF THE UNEMPLOYED.

GREG JUMP'S STUDY OF UI IMPACT ON MACRO-ECONOMIC VARIABLES

OBJECTIVES

TO EXAMINE THE IMPACT OF 1971 UI ACT CHANGES ON SOME MACRO-ECONOMIC VARIABLES SUCH AS GNP, PRICE INDEX, LABOUR FORCE, EMPLOYMENT, UNEMPLOYMENT RATE, ETC. OVER THE PERIOD THIRD QUARTER, 1971 TO SECOND QUARTER, 1974.

GENERAL OBSERVATIONS

(1) MODEL
JUMP USES THE UNIVERSITY OF TORONTO QUARTERLY FORECASTING MODEL (QFM) WHICH ASSUMES ALL WORKERS POSSESS HOMOGENEOUS SKILLS AND ARE, THEREFORE, PERFECT SUBSTITUTES FOR EACH OTHER.

(2) DEMAND
INCREASED UI BENEFIT EXPENDITURES UNDER THE NEW ACT REPRESENT NET ADDITIONAL EXPENDITURE BY GOVERNMENT.

(3) SUPPLY
VOLUNTARY UNEMPLOYMENT IS NOT INFLUENCED BY UI BENEFITS WITHIN THE MODEL BUT IS INTRODUCED AS AN EXOGENOUS FACTOR. JUMP USES THE FINDINGS OF SAM REA THAT UI INDUCED AN INCREASE IN VOLUNTARY UNEMPLOYMENT OF 1.0%.

GREG JUMP'S STUDY OF UI IMPACT ON MACRO-ECONOMIC VARIABLES

HYPOTHESIS

- (1) INCREASED GENEROSITY OF THE 1971 ACT AFFECTS BOTH THE DEMAND AND SUPPLY OF LABOUR:
 - (a) UI AFFECTS AGGREGATE DEMAND BY MAINTAINING CONSUMPTION EXPENDITURES. THIS HELPS TO MAINTAIN JOBS. THIS IS THE EXPANSIONARY IMPACT.
 - (b) SUPPLY OF LABOUR IS AFFECTED IN TWO WAYS:
 - (i) SOME INDIVIDUALS ARE INDUCED TO BECOME UNEMPLOYED VOLUNTARILY. THIS REDUCTION IN LABOUR SUPPLY HAS A CONTRACTIONARY EFFECT ON OUTPUT AND REAL INCOMES;
 - (ii) SOME INDIVIDUALS ARE INDUCED INTO THE LABOUR FORCE BECAUSE OF BETTER INCOME PROTECTION PROVIDED BY UI. ALSO, THE DEMAND EFFECT, MENTIONED ABOVE, MAINTAINS JOBS THAT WOULD HAVE DISAPPEARED AND THEREBY, MAY HELP INCREASE LABOUR PARTICIPATION RATES.
- (2) BOTH DEMAND AND SUPPLY EFFECTS ARE TAKEN INTO ACCOUNT AND THEY YIELD THE NET IMPACT, WHICH JUMP ESTIMATES THROUGH SIMULATION OF QFM.

JUMP'S SIMULATION: (1971-1974)

(BASED ON A 1.0% INCREASE IN VOLUNTARY
UNEMPLOYMENT DUE TO 1971 UI ACT - REA RESULT)

RESULTS

	1972	1973	1974
	INCREASE DUE TO THE 1971 UI CHANGES		
	%		
GNP IN CONSTANT DOLLARS	0.42	0.93	0.73
PRICE INDEX (FOR GNP)	0.21	0.63	1.04

JUMP'S SIMULATION (1971 - 1974)

RESULTS

(Cont'd)

THE IMPACT OF THE 1971 CHANGES IN UI ACT WAS THAT:

- (1) GNP WAS HIGHER FOR ALL 3 CALENDAR YEARS. THIS IMPLIES THAT THE EXPANSIONARY DEMAND EFFECTS OUTWEIGHED CON-
TRACTIONARY SUPPLY EFFECTS.

HOWEVER, THIS NET EXPANSION WOULD NOT HAVE BEEN POSSIBLE WITHOUT THE SIZEABLE POOL OF UNEMPLOYED PERSONS WHICH EXISTED OVER MOST OF THE PERIOD EXAMINED.

IF, ON THE OTHER HAND, FULL EMPLOYMENT HAD EXISTED, THE 1971 CHANGES IN THE UI ACT WOULD HAVE PRODUCED AN INCREASE IN PRICES AND A REDUCTION IN THE RATE OF GROWTH OF THE REAL GNP.

- (2) PRICES WERE HIGHER FOR ALL PERIODS.
FOR EACH OF THE THREE YEARS UNDER INVESTIGATION, BUT TO VARYING DEGREES, THE 1971 UI PROGRAM CONTRIBUTED TO AN INCREASE IN PRICES.

JUMP'S SIMULATION: (1971 - 1974)

(BASED ON A 1.0% INCREASE IN VOLUNTARY
UNEMPLOYMENT DUE TO 1971 UI ACT - REA RESULT)

RESULTS (Cont'd)

	1972	1973	1974
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	INCREASE DUE TO THE 1971 UI CHANGES		
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	%
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LABOUR FORCE

0.52	0.64	0.69
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EMPLOYMENT

0.14	0.45	0.52
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DIFFERENCE MEASURED IN PERCENTAGE POINTS DUE TO THE 1971 UI CHANGES		
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MEASURED UNEMPLOYMENT RATE

0.36	0.18	0.16
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JUMP'S SIMULATION (1971 - 1974)

RESULTS

(Cont'd)

THE IMPACT OF THE 1971 CHANGES IN UI ACT WAS THAT:

- (1) NUMBER OF EMPLOYED PERSONS WAS CONSISTENTLY HIGHER THAN WOULD HAVE OCCURRED WITH THE CONTINUATION OF THE OLD ACT.

JOB'S MAINTAINED BY INCREASED UI BENEFITS, AS WELL AS THOSE VACATED BY THE VOLUNTARILY UNEMPLOYED, WERE FILLED BY THE INVOLUNTARILY UNEMPLOYED AND BY THE INCREASED LABOUR FORCE.

- (2) WHEN THE 1% INCREASE IN VOLUNTARY UNEMPLOYMENT ESTIMATED BY REA IS COMBINED WITH THE DEMAND EFFECTS, THE MEASURED UNEMPLOYMENT RATE WAS ONLY MARGINALLY HIGHER OVER THE ENTIRE PERIOD.

THE AGGREGATE DEMAND EFFECTS PARTIALLY OFFSET THE INCREASE IN VOLUNTARY UNEMPLOYMENT.

- (3) UNDER A MORE PESSIMISTIC LABOUR SUPPLY ASSUMPTION, (I.E., VOLUNTARY UNEMPLOYMENT = 1.9%) THE NUMERICAL RESULTS ARE QUITE SIMILAR TO THE RESULTS OF THE SIMULATION WITH VOLUNTARY UNEMPLOYMENT = 1.0%.

JUMP'S STUDY

COMMENTS

(1) JUMP PROVIDES THE ONLY ESTIMATE OF AGGREGATE DEMAND EFFECTS OF CHANGES TO THE UI ACT MADE IN 1971. STRONG DEMAND GENERATION IS INDICATED, WHICH PARTIALLY OFFSETS THE CONTRACTIONARY EFFECT OF INCREASE IN VOLUNTARY UNEMPLOYMENT.

(2) THE NET IMPACT OF CHANGES IN THE UI ACT WAS AN INCREASE OF 0.4 - 0.9 PERCENT IN GNP, AND AN INCREASE FROM 0.2% TO 1.0% IN THE PRICE INDEX FOR GNP.

THE NET IMPACT ON THE MEASURED UNEMPLOYMENT RATE WAS TO INCREASE IT ONLY MARGINALLY, LESS THAN HALF OF ONE PERCENTAGE POINT, A MAGNITUDE SIGNIFICANTLY SMALLER THAN THE INCREASE IN VOLUNTARY UNEMPLOYMENT MENTIONED BY OTHER STUDIES.

JUMP'S STUDY

COMMENTS (Cont'd)

(3) TO THE EXTENT THAT THE ECONOMY HAS BEEN OPERATING TO CAPACITY IN RECENT YEARS, INCREASED UI BENEFITS WOULD HAVE ADDED MORE TO INFLATION, BUT NOT TO EMPLOYMENT AND REAL GNP.

THE INCREASE IN VOLUNTARY UNEMPLOYMENT IDENTIFIED BY REA WOULD HAVE BEEN OFFSET TO A LESSER EXTENT BY THE DEMAND EFFECTS SINCE RESOURCES WOULD ALREADY BE FULLY EMPLOYED (BY DEFINITION OF FULL EMPLOYMENT).

(4) FROM THE SPECIFIC POINT OF VIEW OF THE SPEED AND SELECTIVITY WITH WHICH IT STABILIZES INCOMES, UI IS UNLIKELY TO BE MATCHED BY FISCAL MEASURES (WHICH MAY REQUIRE LEGISLATIVE AMENDMENTS) OR BY MONETARY POLICY (WHICH HAS A TIME LAG).

JUMP'S STUDY

LIMITATIONS

(1) TWO ASSUMPTIONS OF THE JUMP STUDY ARE LIKELY TO OVERSTATE THE UI
IMPACT ON AGGREGATE DEMAND:

(a) ALL WORKERS ARE ASSUMED TO POSSESS HOMOGENEOUS SKILLS AND
TO BE PERFECT SUBSTITUTES FOR EACH OTHER.

THIS IS A PARTICULARLY SERIOUS LIMITATION IN VIEW OF THE
CURRENT SITUATION WHERE HIGH LEVELS OF JOB VACANCIES CO-
EXIST WITH HIGH LEVELS OF UNEMPLOYMENT.

(b) UI BENEFITS (DUE TO THE NEW ACT) ARE ASSUMED TO BE A NET
INCREASE IN FEDERAL GOVERNMENT EXPENDITURES.

IN REALITY, LOWER UI EXPENDITURES MIGHT HAVE BEEN REPLACED
BY OTHER GOVERNMENT EXPENDITURES ALTHOUGH NOT NECESSARILY
WITH THE SAME IMPACT.

JUMP'S STUDY

LIMITATIONS

(Cont'd)

- (2) DURING THE PERIOD EXAMINED, THE CANADIAN ECONOMY DID NOT EXPERIENCE FULL EMPLOYMENT, SO THAT JUMP'S FINDINGS ARE NOT DIRECTLY RELEVANT TO THE IMPACT OF THE UI ACT ON MACRO VARIABLES UNDER FULL EMPLOYMENT CONDITIONS.

BOUNDARIES OF
ECONOMIC REGIONS

BOUNDARIES OF
ECONOMIC REGIONS

OUTLINE OF PRESENTATION

REVIEW OF ECONOMIC REGION BOUNDARIES

- NEED FOR AND RATIONALE BEHIND ECONOMIC REGION BOUNDARY CHANGES
- EFFECTS OF BOUNDARY CHANGES
- PHASES OF IMPLEMENTATION

ANNEX: MAP OF EXISTING ECONOMIC REGIONS

NEED FOR REGIONAL BOUNDARY CHANGES

THE LABOUR FORCE SURVEY (LFS) CHANGES AND EXPERIENCE WITH THE PRESENT SET OF BOUNDARIES PROMPTED A REVIEW OF EXISTING UIC ECONOMIC REGIONS. THE FOLLOWING ISSUES WERE IDENTIFIED IN THE REVIEW:

(1) ECONOMIC ISSUES:

- (a) SOME EXISTING UIC REGIONS ARE TOO LARGE.
- (b) THERE ARE SIGNIFICANT AREAS OF HIGH UNEMPLOYMENT IN ECONOMIC REGIONS NOT ELIGIBLE FOR REGIONAL EXTENDED BENEFITS (REB'S).
- (c) THERE ARE ALSO SIGNIFICANT AREAS OF LOW UNEMPLOYMENT IN ECONOMIC REGIONS ELIGIBLE FOR REB'S.
- (d) SOME ECONOMIC REGIONS DO NOT NECESSARILY REFLECT LOCAL LABOUR MARKETS, E.G., OTTAWA-HULL, NB-PEI.

NEED FOR REGIONAL BOUNDARY CHANGES

(2) LABOUR FORCE SURVEY ISSUES:

- (a) TO OBTAIN RELIABLE UNEMPLOYMENT RATE ESTIMATES FROM STATISTICS CANADA, UIC ECONOMIC REGIONS MUST NOT SEGMENT THE GEOGRAPHIC AREAS FROM WHICH THE LABOUR FORCE SURVEY SAMPLE IS CHOSEN.
- (b) THE EXISTING UIC REGIONS ADHERE TO THIS BOUNDARY RESTRICTION PRINCIPLE FOR THE CURRENT LABOUR FORCE SURVEY.
- (c) CHANGES IN THE LABOUR FORCE SURVEY ARE SUCH THAT EXISTING UIC ECONOMIC REGIONS WILL SEGMENT THE SURVEY'S GEOGRAPHIC AREAS.
- (d) RELIABLE UNEMPLOYMENT RATE ESTIMATES FOR EXISTING UIC ECONOMIC REGIONS WILL BE OBTAINABLE BY PROXY METHODS FROM THE REVISED LABOUR FORCE SURVEY IN 1976, AS A SHORT-TIME MEASURE.
- (e) IN THE LONGER TERM, THE ABOVE ISSUES AND THE CHANGES IN THE LABOUR FORCE SURVEY IN 1976 MAKE UIC BOUNDARY REVISIONS DESIRABLE.

RATIONALE BEHIND POSSIBLE BOUNDARY CHANGES

IDEALLY, IT WOULD BE PREFERABLE TO CONSIDER AND
RESOLVE BOTH ISSUES (ECONOMIC AND LABOUR FORCE
SURVEY) WHEN REVISING THE ECONOMIC REGIONS

RATIONAL BEHIND POSSIBLE BOUNDARY CHANGES

IN FACT, IT IS IMPOSSIBLE TO CONSIDER AND RESOLVE EVERY ISSUE WHEN DELINEATING POSSIBLE BOUNDARY CHANGES. FACTORS WHICH SHOULD BE TAKEN INTO ACCOUNT ARE:

- (1) STATISTICS CANADA'S REVISED LABOUR FORCE SURVEY WHICH REFLECTS SOCIO-ECONOMIC SHIFTS IN THE PAST DECADE;
- (2) THE NEED FOR SMALLER UIC ECONOMIC REGIONS;
- (3) THE BOUNDARIES OF EXISTING UIC ECONOMIC REGIONS;
- (4) GENERAL ECONOMIC STRUCTURE AND LABOUR MARKET ACTIVITY;
AND
- (5) COST.

EFFECTS OF BOUNDARY CHANGES

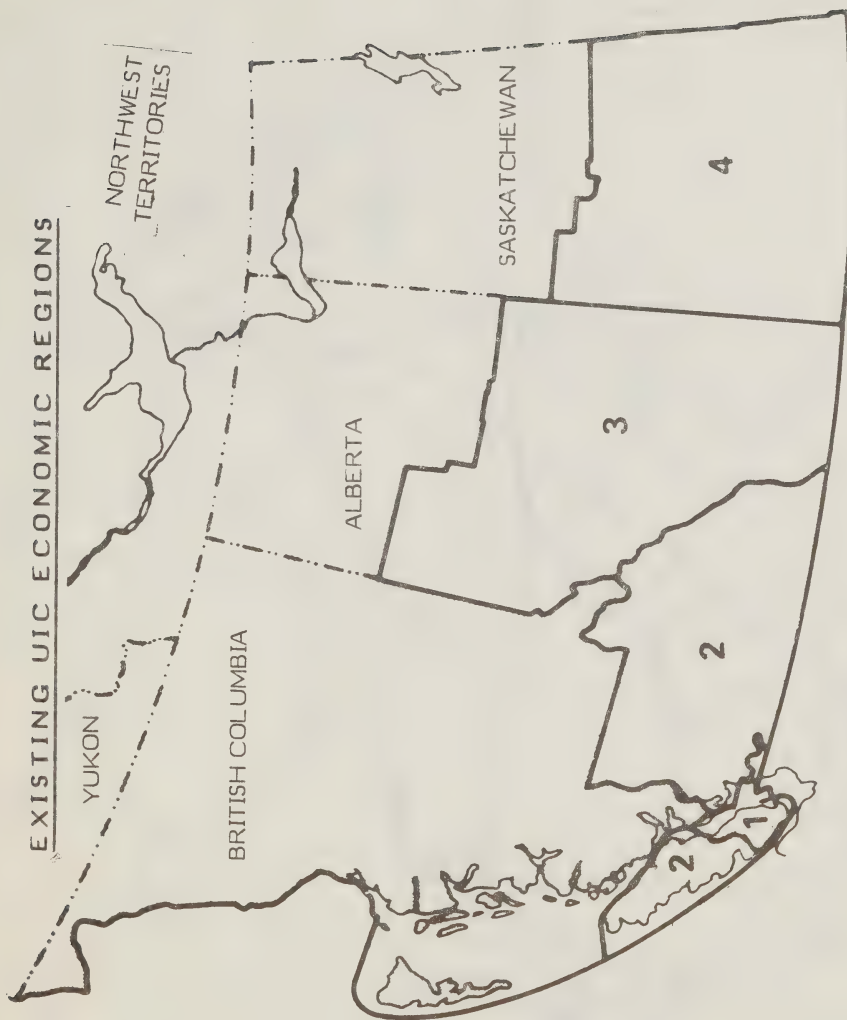
FURTHER WORK TO BE DONE ON POSSIBLE BOUNDARY REVISIONS WOULD INCLUDE AN ANALYSIS OF THE IMPACT ON BENEFIT PAYMENTS AND BENEFICIARIES BY PROPOSED ECONOMIC REGION IN THE CONTEXT OF THE EXISTING AND PROPOSED BENEFIT STRUCTURE.

PHASES OF IMPLEMENTATION

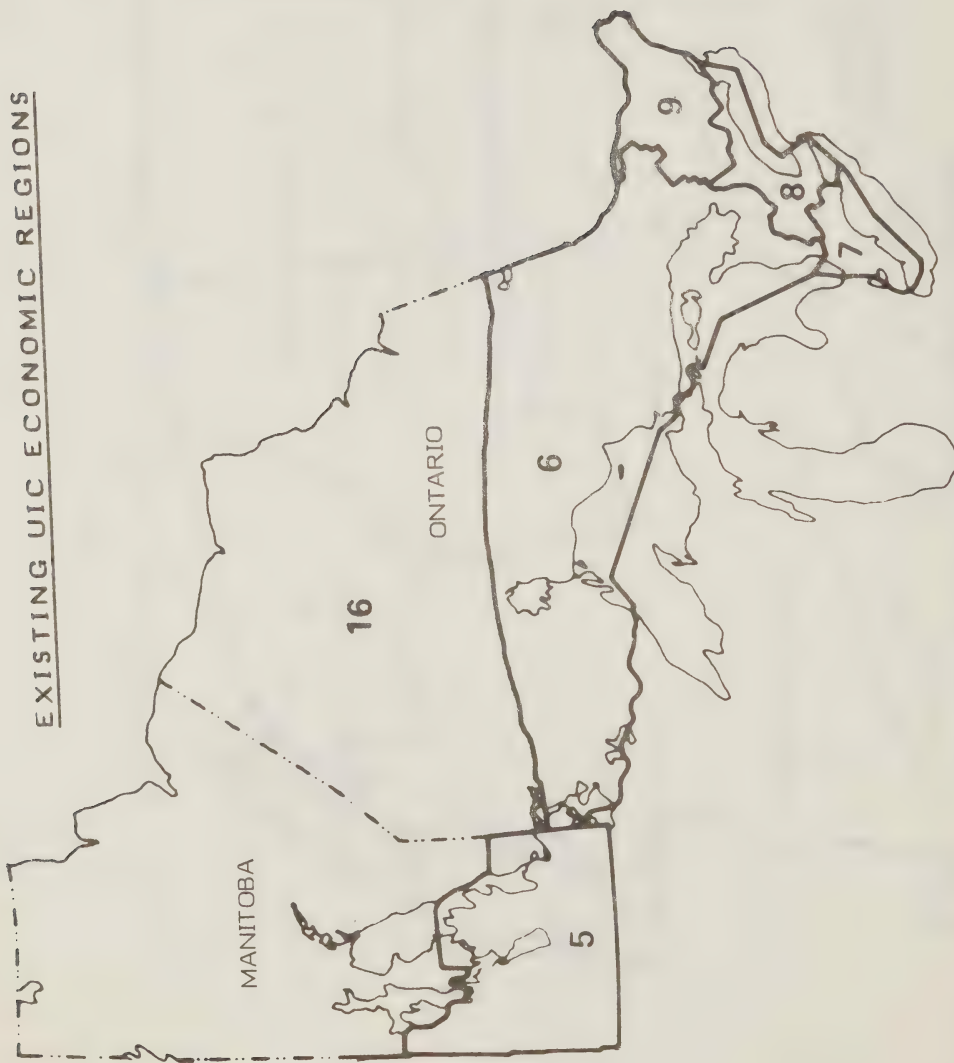
- (1) CONTINUATION OF EXISTING BOUNDARIES (16) WITH INTERIM
STATISTICS CANADA UNEMPLOYMENT RATES FOR CERTAIN REGIONS
IN 1976
- (2) 1976-1977 DEVELOPMENTAL WORK ON PREPARATION OF POSSIBLE NEW
BOUNDARIES INCLUDING REVIEW PROCESS
- (3) IMPLEMENTATION OF APPROVED NEW REGIONAL BOUNDARIES,
DEPENDING ON THE IMPLEMENTATION OF THREE-PHASE BENEFIT
STRUCTURE

EXISTING UIC ECONOMIC REGIONS

1. VANCOUVER-VICTORIA	9. EASTERN ONTARIO
2. SOUTHERN BRITISH COLUMBIA	10. MONTREAL
3. ALBERTA	11. EASTERN TOWNSHIPS
4. SASKATCHEWAN	12. ST. LAWRENCE-GASPÉ
5. MANITOBA	13. NEW BRUNSWICK-PRINCE EDWARD ISLAND
6. NORTHWESTERN ONTARIO	14. NOVA SCOTIA
7. LONDON-WINDSOR	15. NEWFOUNDLAND
8. HAMILTON-TORONTO	16. REST OF CANADA



EXISTING UIC ECONOMIC REGIONS



EXISTING UIC ECONOMIC REGIONS



DISTRIBUTIVE AND REDISTRIBUTIVE EFFECTS
OF UI PROGRAM

DISTRIBUTIVE AND REDISTRIBUTIVE EFFECTS
OF UI PROGRAM

OUTLINE OF PRESENTATION

DISTRIBUTION OF TOTAL BENEFITS

- BY PROVINCE
- BY OCCUPATION
- BY INDUSTRY

INCOME REDISTRIBUTIVE EFFECTS

- BY INDIVIDUAL INCOME CLASS
 - i. DISTRIBUTION OF TOTAL BENEFITS
 - ii. TOTAL REVENUES
 - iii. REDISTRIBUTIVE EFFECTS
- BY FAMILY INCOME CLASS
 - i. DISTRIBUTION OF TOTAL BENEFITS
 - ii. TOTAL REVENUES
 - iii. REDISTRIBUTIVE EFFECTS
- CONCLUSIONS
- GENERAL OBSERVATIONS

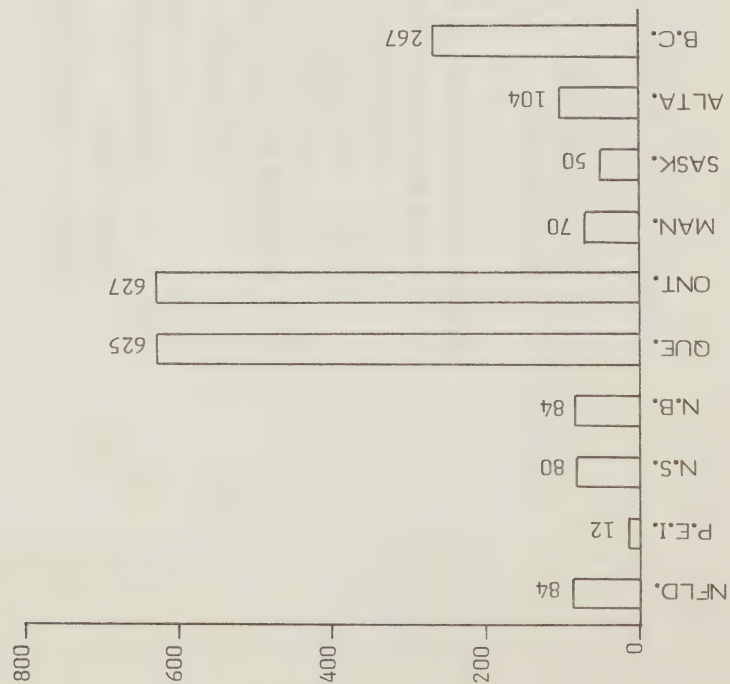
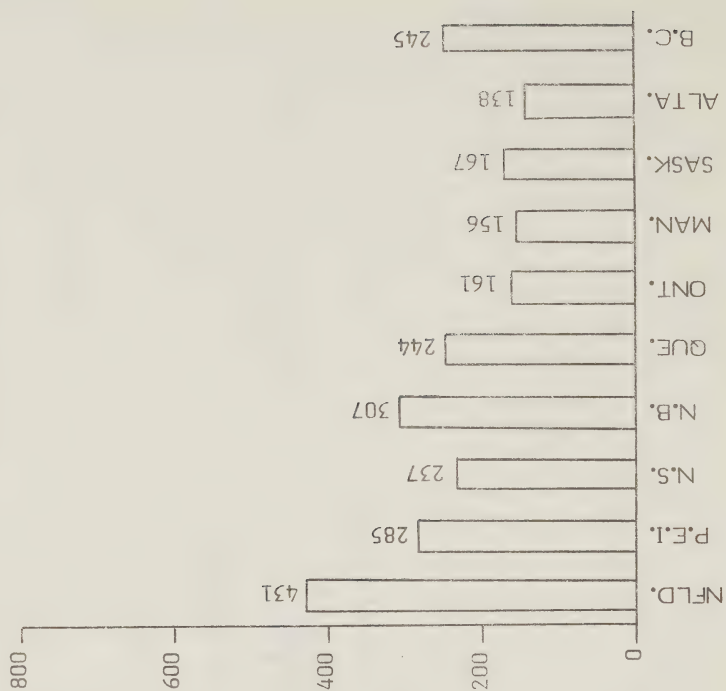
DISTRIBUTION OF TOTAL BENEFITS BY PROVINCE 1973

BENEFITS
(\$)

BENEFITS PER INSURED PERSON

DISTRIBUTION OF TOTAL BENEFITS

BENEFITS
(\$M)



DISTRIBUTION OF TOTAL BENEFITS BY PROVINCE

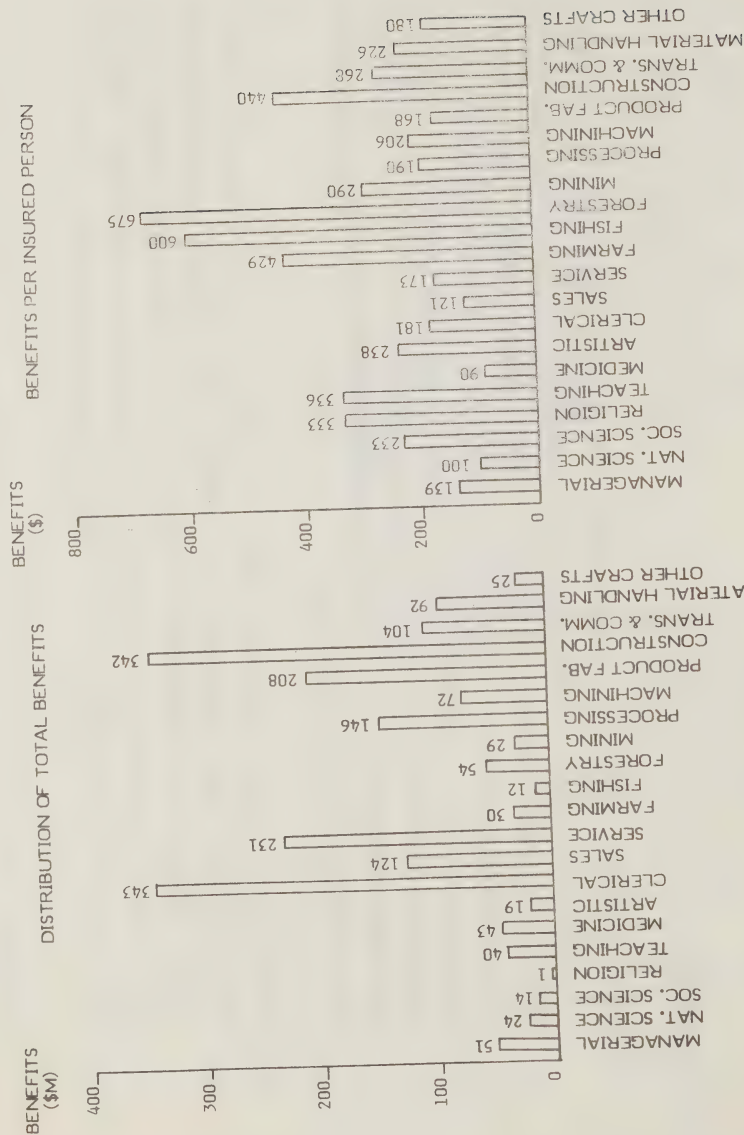
1973

COMMENTS

- (1) THE LARGER PROVINCES OF ONTARIO AND QUEBEC RECEIVED THE LARGEST AMOUNTS OF BENEFITS (\$627M AND \$625M RESPECTIVELY). ON A PER CAPITA BASIS, HOWEVER, QUEBEC RECEIVED CONSIDERABLY MORE THAN ONTARIO (\$244/INSURED PERSON VS. \$161/INSURED PERSON). THIS PATTERN IS SIMILARLY REPRESENTED IN A COMPARISON OF BENEFIT AND EMPLOYMENT STATISTICS. ALTHOUGH ONTARIO AND QUEBEC EACH RECEIVED 31% OF TOTAL UI BENEFITS, ONTARIO ACCOUNTED FOR 38% OF CANADA'S EMPLOYED POPULATION WHILE QUEBEC ACCOUNTED FOR 27% ONLY.
- (2) NEWFOUNDLAND, ON THE OTHER HAND, RECEIVED A SMALL AMOUNT OF TOTAL BENEFITS (\$84M) BUT RECEIVED THE LARGEST AMOUNT PER INSURED PERSON (\$431). AGAIN THIS PHENOMENON IS CONFIRMED BY COMPARING BENEFIT AND EMPLOYMENT STATISTICS: NEWFOUNDLAND RECEIVED 4% OF TOTAL BENEFITS BUT CONTAINED ONLY 2% OF THE NATION'S TOTAL EMPLOYED POPULATION.

DISTRIBUTION OF TOTAL BENEFITS BY OCCUPATION

1972*



* 1973 STATISTICS NOT AVAILABLE AT TIME OF STUDY

DISTRIBUTION OF BENEFITS BY OCCUPATION

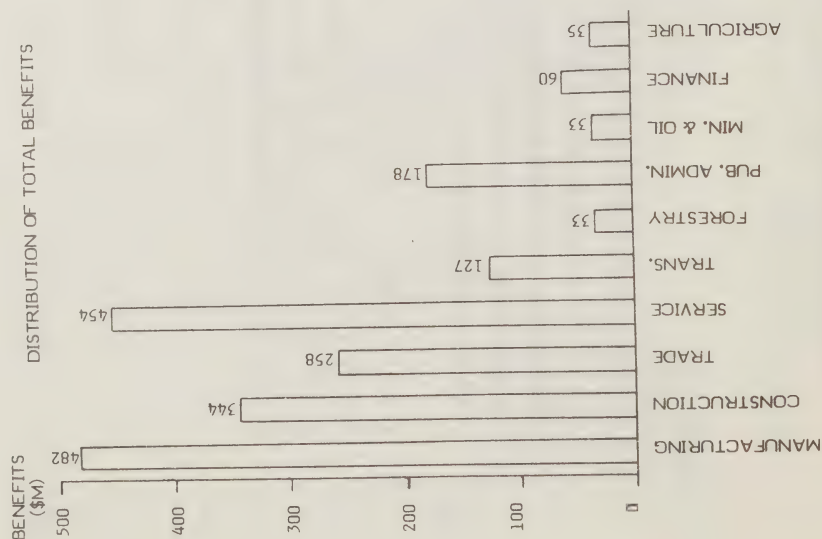
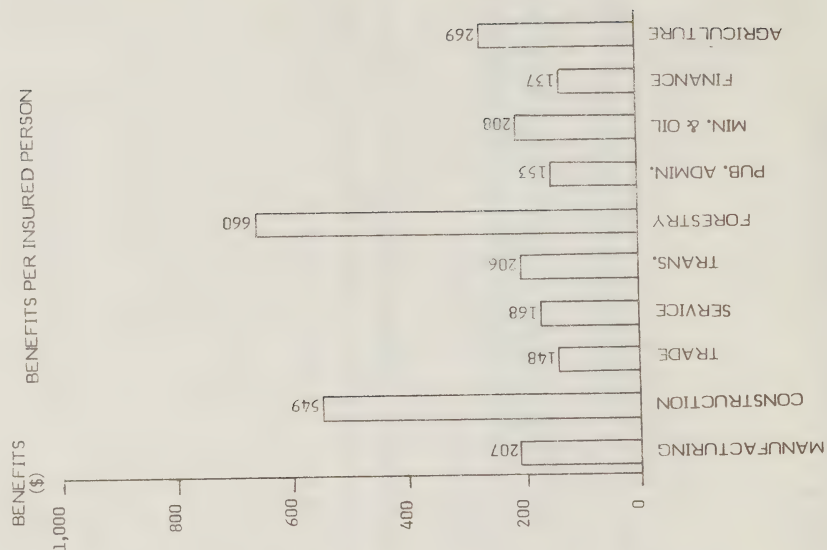
1972

COMMENTS

- ✓
- (1) BENEFICIARIES IN THE CLERICAL AND CONSTRUCTION OCCUPATIONS RECEIVED VERY LARGE AMOUNTS OF BENEFITS (\$343M AND \$342M RESPECTIVELY). ON A PER INSURED PERSON BASIS, HOWEVER, THE CONSTRUCTION OCCUPATIONS RECEIVED CONSIDERABLY MORE THAN THE CLERICAL OCCUPATIONS: \$440/INSURED PERSON AND \$181/INSURED PERSON RESPECTIVELY.
 - (2) THE FORESTRY AND FISHING OCCUPATIONS RECEIVED RELATIVELY SMALL AMOUNTS OF BENEFITS: \$54M AND \$12M RESPECTIVELY. ON AN INSURED PERSON BASIS THESE OCCUPATIONS RECEIVED QUITE A LARGE AMOUNT: \$675 AND \$600 RESPECTIVELY PER INSURED PERSON.

DISTRIBUTION OF TOTAL BENEFITS BY INDUSTRY

1973



H-7

DISTRIBUTION OF TOTAL BENEFITS BY INDUSTRY

1973

COMMENTS

(1) THE MANUFACTURING AND SERVICE INDUSTRIES RECEIVED THE LARGEST AMOUNTS OF BENEFITS (\$482M AND \$454M RESPECTIVELY). ON A PER CAPITA BASIS, HOWEVER, MANUFACTURING RECEIVED CONSIDERABLY MORE THAN SERVICES. THE MANUFACTURING INDUSTRY RECEIVED \$207 PER INSURED PERSON WHILE THE SERVICE INDUSTRY COLLECTED \$168 PER INSURED PERSON. THIS PATTERN IS SIMILARLY SHOWN IN A COMPARISON OF BENEFIT AND EMPLOYMENT STATISTICS. THE MANUFACTURING INDUSTRY ACCOUNTED FOR 24% OF TOTAL UI BENEFITS WHEREAS IT ACCOUNTED FOR 22% OF THE NATION'S EMPLOYED. THE SERVICE INDUSTRY RECEIVED 23% OF TOTAL BENEFITS WHILE REPRESENTING 26% OF CANADA'S EMPLOYED POPULATION.

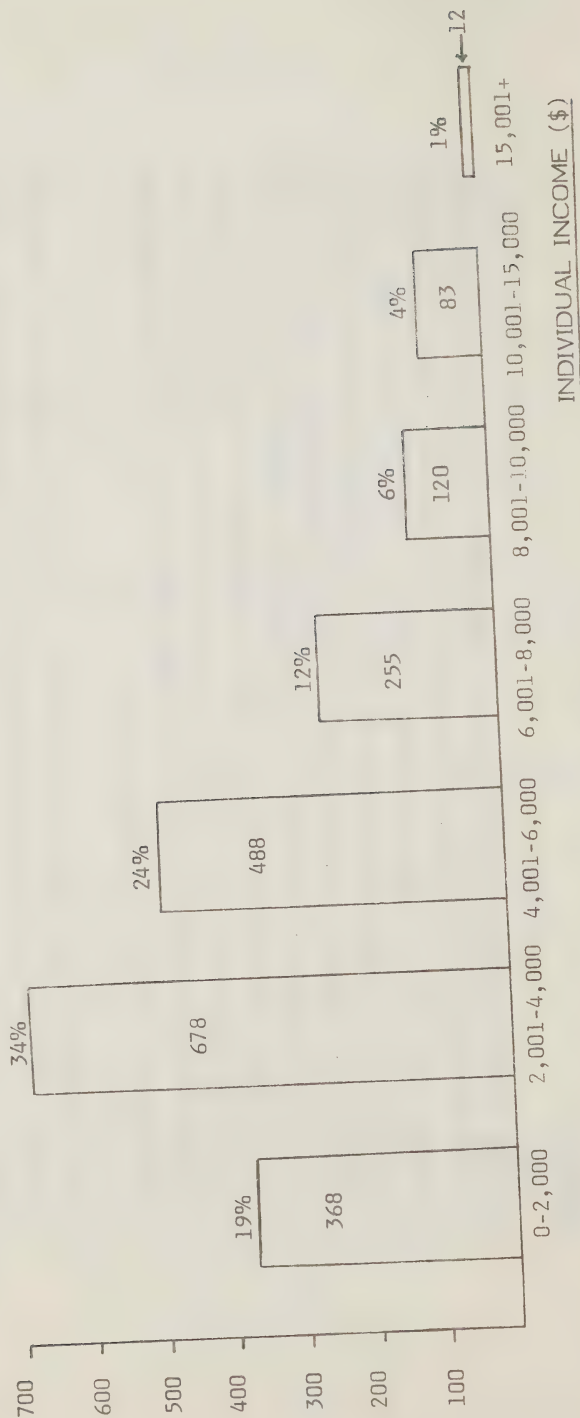
(2) THE CONSTRUCTION INDUSTRY RECEIVED A SMALLER AMOUNT OF BENEFITS (\$344M). ON A PER INSURED PERSON BASIS, HOWEVER IT RECEIVED QUITE A LARGE SUM, \$549 PER INSURED PERSON. THIS PHENOMENON IS CONFIRMED BY COMPARING BENEFIT AND EMPLOYMENT STATISTICS. THIS INDUSTRY RECEIVED 17% OF TOTAL UI BENEFITS WHILE ACCOUNTING FOR ONLY 8% OF THE NATION'S TOTAL EMPLOYED.

H-8

DISTRIBUTION OF TOTAL BENEFITS BY INDIVIDUAL INCOME CLASS

1973

BENEFITS
(\$M)



TOTAL = \$2,004

H-9

DISTRIBUTION OF TOTAL BENEFITS
BY INDIVIDUAL INCOME CLASS*

1973

COMMENTS

(1) MOST BENEFITS ARE PAID TO LOW INCOME INDIVIDUALS. FOR EXAMPLE, IN 1973, INDIVIDUALS EARNING \$6,000 OR LESS RECEIVED 77% (\$1,534M) OF TOTAL BENEFIT EXPENDITURES WHICH INCLUDES THE 34% (\$678M) OF TOTAL BENEFITS WHICH WERE PAID TO THOSE EARNING BETWEEN \$2,001 AND \$4,000.

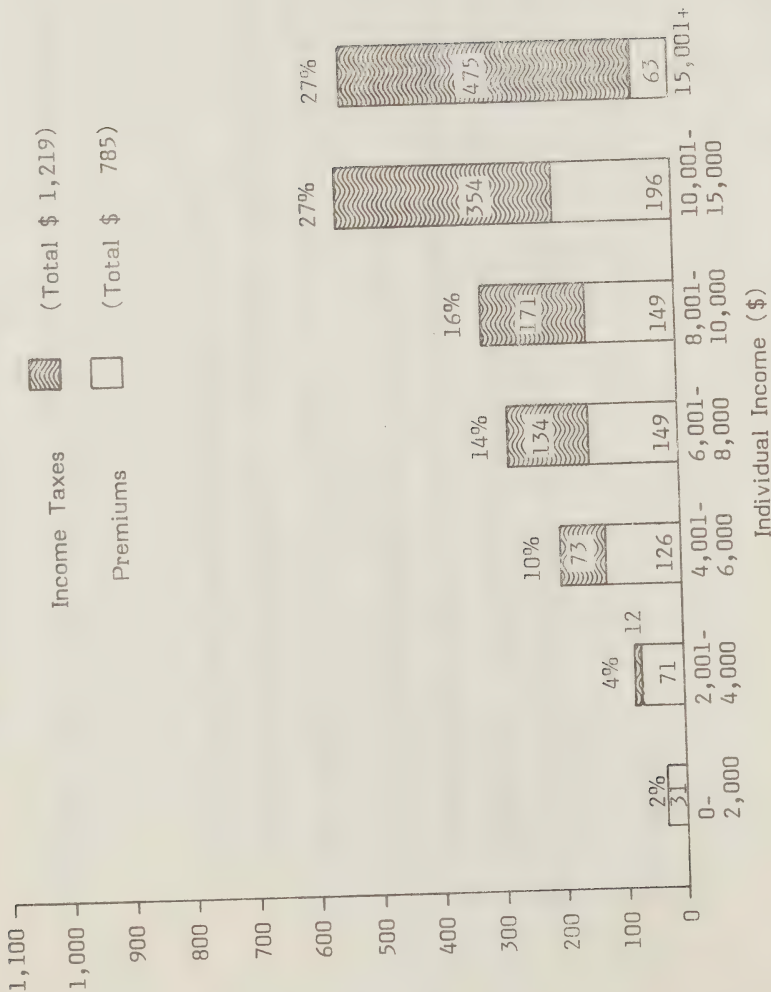
(2) FEW BENEFITS ARE PAID TO MEDIUM AND HIGHER INCOME INDIVIDUALS. FOR EXAMPLE, IN 1973 INDIVIDUALS EARNING OVER \$10,000 RECEIVED ONLY 5% OF THE TOTAL BENEFIT EXPENDITURE (APPROXIMATELY 100M).

*INCOME INCLUDES BEFORE TAX EARNINGS FROM EMPLOYMENT AND/OR UI BENEFITS.

TOTAL REVENUES BY INDIVIDUAL INCOME CLASS

1973

Revenues
(\$M)



TOTAL REVENUES BY INDIVIDUAL INCOME CLASS

1973

COMMENTS

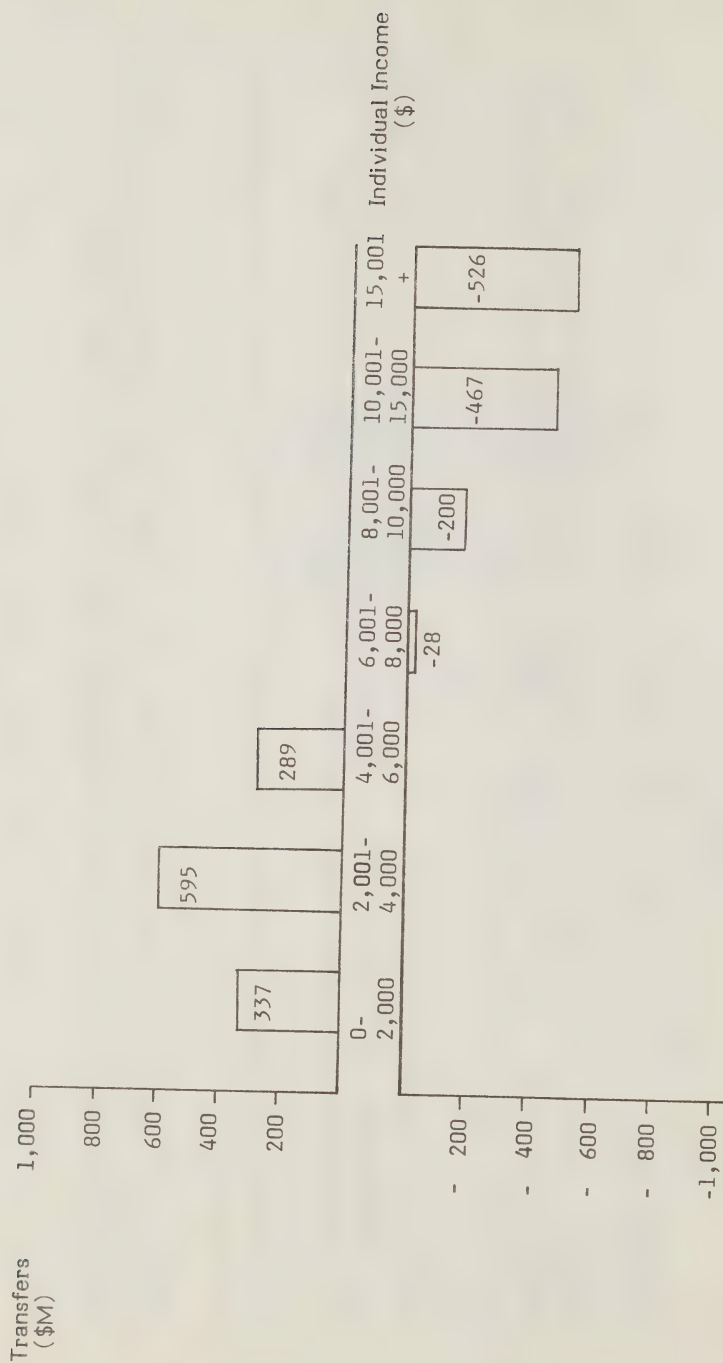
REVENUES CONSIST OF PRIVATE SECTOR PREMIUMS AND THE GOVERNMENT SHARE. THE ASSUMPTION IS MADE THAT THE GOVERNMENT SHARE OF UI COSTS IS FINANCED BY PERSONAL INCOME TAXES* WITH THE RESULT THAT:

- (1) A VERY LARGE PROPORTION OF TOTAL REVENUE WAS SUPPLIED BY THOSE EARNING MORE THAN \$6,000. THEY ACCOUNTED FOR \$1,691M OR 84% OF TOTAL REVENUE. INDIVIDUALS EARNING MORE THAN \$10,000 PROVIDED \$1,088M OR 54% OF TOTAL PROGRAM REVENUE.
- (2) INDIVIDUALS EARNING \$6,000 OR LESS ACCOUNTED FOR \$313M OR 16% OF TOTAL PROGRAM REVENUE.

*IT WOULD BE VIRTUALLY IMPOSSIBLE TO MAKE THE SAME CALCULATIONS BASED ON THE ASSUMPTION THAT THE SOURCE OF FINANCING WAS CORPORATE OR EXCISE TAXES BECAUSE OF THE LARGE MEASURE OF UNCERTAINTY SURROUNDING THE INCIDENCE OF THOSE TAXES.

INCOME REDISTRIBUTIVE EFFECTS BY INDIVIDUAL INCOME CLASSES

1973



INCOME REDISTRIBUTIVE EFFECTS
BY INDIVIDUAL INCOME CLASSES

1973

COMMENTS

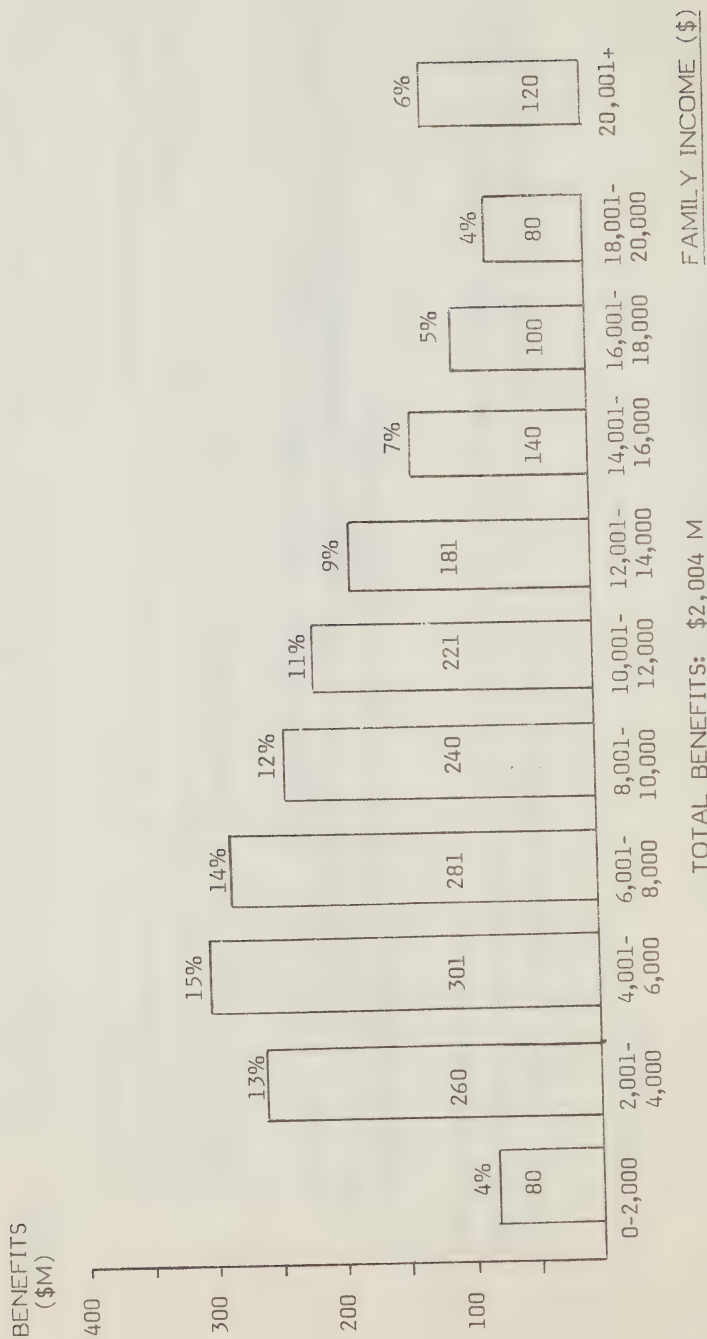
IF IT IS ASSUMED THAT THE GOVERNMENT SHARE OF UI COSTS IS FINANCED THROUGH PERSONAL INCOME TAXES, A HIGH DEGREE OF INCOME REDISTRIBUTION RESULTS FROM THE OPERATION OF THE PRESENT UI PROGRAM:

- (1) INDIVIDUALS EARNING \$6,000 OR LESS WERE NET RECIPIENTS.
IN 1973, THEY RECEIVED 77% (\$1,534M) OF TOTAL BENEFIT EXPENDITURES, BUT ACCOUNTED FOR ONLY 16% (\$313M) OF TOTAL REVENUE FOR A NET TRANSFER OF \$1,221M.
- (2) INDIVIDUALS EARNING MORE THAN \$6,000 WERE NET CONTRIBUTORS.
THEY RECEIVED ONLY 23% (\$470M) OF TOTAL BENEFIT EXPENDITURE; HOWEVER, THEY ACCOUNTED FOR 84% (1,691M) OF TOTAL REVENUE THUS CONTRIBUTING \$1,221M TO THOSE EARNING \$6,000 OR LESS.

NOTE: TOTAL PREMIUMS COLLECTED HAVE BEEN ADJUSTED TO INCLUDE ONLY PREMIUMS THAT ARE ALLOCATED TO THE PAYMENT OF BENEFITS. THE REMAINDER OF THE PREMIUMS THAT ARE ALLOCATED TO ADMINISTRATIVE COSTS HAVE BEEN EXCLUDED.

DISTRIBUTION OF TOTAL BENEFITS BY FAMILY INCOME CLASS

1973



DISTRIBUTION OF TOTAL BENEFITS

BY FAMILY INCOME CLASS

1973

COMMENTS

- (1) HIGH INCOME FAMILIES, AS WELL AS LOW INCOME FAMILIES, RECEIVED SIGNIFICANT AMOUNTS OF INCOME FROM THE UI PROGRAM. FOR EXAMPLE, 42% (\$842M) OF TOTAL BENEFITS WERE PAID TO FAMILIES WITH INCOMES IN EXCESS OF \$10,000, WITH 6% (\$120M) OF TOTAL BENEFITS PAID TO FAMILIES WITH INCOMES IN EXCESS OF \$20,000.
- (2) SINCE ONLY A SMALL PROPORTION OF BENEFITS WAS PAID TO HIGH INCOME INDIVIDUALS, IT FOLLOWS THAT MANY LOW INCOME BENEFICIARIES BELONGED TO MIDDLE OR HIGHER INCOME FAMILIES.

TOTAL REVENUES BY FAMILY INCOME CLASS

1973

Revenues
(\$M)



H-17

TOTAL REVENUES BY FAMILY INCOME CLASS

1973

COMMENTS

- (1) MOST PROGRAM REVENUES ORIGINATED FROM MIDDLE AND HIGHER INCOME FAMILIES. FOR EXAMPLE, FAMILIES WITH INCOMES EXCEEDING \$10,000 ACCOUNTED FOR \$1,488 MILLION OR 74% OF TOTAL PROGRAM REVENUE. IN PARTICULAR, FAMILIES WITH INCOMES EXCEEDING \$20,000 ACCOUNTED FOR \$418 MILLION OR 21% OF TOTAL REVENUES.
- (2) A VERY SMALL PROPORTION OF PROGRAM REVENUES ORIGINATED FROM LOW INCOME FAMILIES. FOR EXAMPLE, FAMILIES EARNING \$4,000 OR LESS ACCOUNTED FOR ONLY \$58 MILLION OR 3% OF TOTAL PROGRAM REVENUES.
- (3) FOR ALL INCOME CLASSES, EXCEPT FOR THE VERY LOW AND VERY HIGH CATEGORIES, UI PREMIUMS AND INCOME TAXES ACCOUNTED FOR APPROXIMATELY EQUAL PROPORTIONS OF PROGRAM REVENUE.

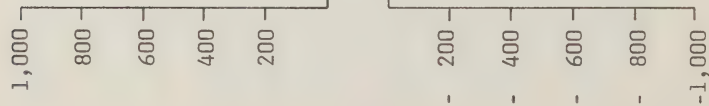
INCOME REDISTRIBUTIVE EFFECTS

BY

FAMILY INCOME CLASS

1973

Transfers
(\$M)



Family Income (\$)

INCOME REDISTRIBUTIVE EFFECTS
BY FAMILY INCOME CLASS

1973

COMMENTS

- (1) A HIGH DEGREE OF INCOME REDISTRIBUTION RESULTED FROM THE OPERATION OF THE UI PROGRAM.
- (2) FAMILIES EARNING \$10,000 OR LESS WERE NET RECIPIENTS. THEY RECEIVED \$1,162 MILLION OR 58% OF TOTAL BENEFITS AND PROVIDED FOR \$516M OR 26% OF TOTAL REVENUE FOR A NET TRANSFER OF \$646M.
- (3) FAMILIES EARNING MORE THAN \$10,000 WERE NET CONTRIBUTORS. THEY RECEIVED \$842M OR 42% OF TOTAL BENEFIT EXPENDITURES AND ACCOUNTED FOR \$1,488 MILLION OR 74% OF TOTAL REVENUE FOR A NET NEGATIVE TRANSFER OF \$646M. ALMOST ONE-HALF OF THIS TRANSFER WAS DERIVED FROM THOSE FAMILIES EARNING OVER \$20,000.
- (4) THE INCOME REDISTRIBUTION AMONG FAMILIES WAS NOT AS LARGE AS WAS OBSERVED AMONG INDIVIDUALS BECAUSE A NUMBER OF LOW INCOME BENEFICIARIES BELONGED TO MIDDLE OR HIGHER INCOME FAMILIES.

INCOME REDISTRIBUTIVE EFFECTS

CONCLUSIONS

- (1) TO THE EXTENT THAT THERE IS A HIGHER EXPOSURE TO RISK AMONG LOW INCOME EARNERS, WE WOULD EXPECT THIS TO RESULT IN A REDISTRIBUTION FROM HIGHER TO LOWER INCOME INDIVIDUALS. IN FACT, THIS IS WHAT WE FIND AND IT IS CONSISTENT WITH THE SOCIAL INSURANCE NATURE OF THE PROGRAM.
- (2) SIMILARLY, WE WOULD EXPECT TO FIND A REDISTRIBUTION FROM HIGH TO LOW INCOME FAMILIES. THIS IS ALSO THE CASE.

INCOME REDISTRIBUTIVE EFFECTS

CONCLUSIONS (Cont'd)

- (3) AT THE SAME TIME, 42% OF THE BENEFITS WERE RECEIVED BY FAMILIES WITH INCOMES IN EXCESS OF \$10,000. TWO-THIRDS OF THESE FAMILIES HAVE TWO OR MORE EARNERS. TO THE EXTENT THAT SECONDARY EARNERS (WITH THEIR LOWER INCOMES) ARE MORE LIKELY TO BE EXPOSED TO THE RISK OF UNEMPLOYMENT AND/OR MORE PRONE TO MISUSE OF THE PROGRAM, IT IS NOT SURPRISING THAT A SUBSTANTIAL PROPORTION OF THE BENEFITS ARE PAID TO THESE FAMILIES. IT SHOULD BE BORNE IN MIND THAT THESE FAMILIES ARE NET CONTRIBUTORS TO THE PROGRAM.

INCOME REDISTRIBUTIVE EFFECTS

GENERAL OBSERVATIONS

- (1) A FUNDAMENTAL PREMISE OF UI AS A SOCIAL INSURANCE PROGRAM IS THE POOLING OF RISKS. IMPLICIT IN THIS POOLING OF RISKS IS A REDISTRIBUTION OF INCOME, BOTH FOR INDIVIDUALS AND FAMILIES.
- (2) THE SPECIFIC PATTERN OF INCOME REDISTRIBUTION IS, OF COURSE, DIRECTLY RELATED TO THE PREMIUM/BENEFIT STRUCTURE AND THE FINANCIAL CONTRIBUTION OF THE FEDERAL GOVERNMENT, AS WELL AS THE EXPOSURE TO THE RISK OF UNEMPLOYMENT OF INDIVIDUALS WITHIN VARIOUS INCOME CLASSES.
- (3) IT SHOULD BE STRESSED THAT THIS ANALYSIS OF INCOME REDISTRIBUTIVE EFFECTS IS UNDERTAKEN ON A GROSS INCOME BASIS, AND THAT THE INCOME TAX SYSTEM HAS AN IMPORTANT EFFECT ON THE NET REDISTRIBUTIVE EFFECT OF THE UI PROGRAM, BOTH FOR INDIVIDUALS AND FOR FAMILIES.

INCOME REDISTRIBUTIVE EFFECTS

GENERAL OBSERVATIONS (Cont'd)

- (4) SOME OF THE MEASURES OF BILL C-69, THE THREE PHASE BENEFIT STRUCTURE AND INCREASED ENTRANCE REQUIREMENTS WILL ALSO AFFECT THE IMPACT OF THE UI PROGRAM ON THE REDISTRIBUTION OF INCOME BETWEEN INCOME CLASSES, AGE GROUPS AND REGIONS.
- (5) PRELIMINARY ANALYSIS INDICATES THAT THE NEW FINANCIAL THRESHOLD FORMULA RECENTLY APPROVED BY PARLIAMENT WILL REDUCE ONLY marginally THE INCOME REDISTRIBUTIVE EFFECTS OF THE UI PROGRAM.
- (6) THE POTENTIAL INCOME REDISTRIBUTIVE EFFECTS OF THE THREE PHASE BENEFIT STRUCTURE WILL DEPEND ON A VARIETY OF CIRCUMSTANCES. FOR EXAMPLE, AT HIGHER RATES OF UNEMPLOYMENT (E.G., 8%), CHANGES IN INCOME REDISTRIBUTION MIGHT BE RELATIVELY SMALL. AT LOWER RATES OF UNEMPLOYMENT (E.G. 5%), THERE COULD BE SOME REDUCTION OF INCOME REDISTRIBUTION AS A RESULT OF CURTAILED ENTITLEMENT FOR SHORT TERM LABOUR ATTACHMENTS WHO HAVE LOWER THAN AVERAGE INCOMES.
- (7) ON THE OTHER HAND, THE THREE-PHASE BENEFIT STRUCTURE IS DESIGNED TO PROTECT INCOMES IN REGIONS OF HIGH UNEMPLOYMENT. THIS WOULD HELP MAINTAIN THE INCOME REDISTRIBUTIVE ROLE OF THE UI PROGRAM.

PERCEPTIONS OF
UNEMPLOYMENT INSURANCE

PERCEPTIONS OF
UNEMPLOYMENT INSURANCE

OUTLINE OF PRESENTATION

PUBLIC PERCEPTIONS OF UI

PUBLIC ATTITUDE SURVEY (1975)

PUBLIC PERCEPTIONS OF UNEMPLOYMENT INSURANCE

GENERAL COMMENTS

- (1) MOST CANADIANS BELIEVE THE UNEMPLOYMENT INSURANCE PROGRAM IS BASICALLY SOUND AND FULFILLS A SOCIAL NEED.
- (2) MOST CANADIANS UNDERSTAND THAT UNEMPLOYMENT INSURANCE IS FUNDAMENTALLY DIFFERENT FROM WELFARE AND FEEL THAT UI SHOULD REMAIN AN INSURANCE PROGRAM. THIS DIFFERENCE IS ARTICULATED IN TERMS OF THE CONTRIBUTORY (INSURANCE) ELEMENT OF UNEMPLOYMENT INSURANCE.
- (3) CANADIANS ARE CONCERNED ABOUT MISUSE OF THE PROGRAM. THE VAST MAJORITY BELIEVE THAT BONA FIDE RECIPIENTS SHOULD HAVE THE FINANCIAL ASSISTANCE THEIR UNEMPLOYED CONDITION WARRANTS, BUT FEEL THAT CONTROL MECHANISMS TO DISCOURAGE MISUSE SHOULD BE STRENGTHENED.

PUBLIC ATTITUDE SURVEY - SEPTEMBER, 1975

SPECIFIC OBSERVATIONS

- (1) 79% OF CANADIANS AGREED THAT THE UNEMPLOYMENT INSURANCE PROGRAM IS A VERY GOOD ONE.
- (2) 85% OF CANADIANS DID NOT MIND PAYING UNEMPLOYMENT INSURANCE BECAUSE OF THE PROTECTION IT AFFORDS IN THE EVENT OF UNEMPLOYMENT.
- (3) 67% OF CANADIANS WERE PREPARED TO PAY HIGHER PREMIUMS GIVEN THE PRESENT ECONOMIC CIRCUMSTANCES.
- (4) 60% OF CANADIANS FELT THE MINIMUM OF 8 QUALIFYING WEEKS TO BE TOO SHORT AND THAT ELIGIBILITY BASED ON 20 - 27 WEEKS WOULD BE MORE APPROPRIATE. ONLY 4% OF CANADIANS FELT THE 8 WEEK REQUIREMENT TO BE TOO LONG.
- (5) 71% OF CANADIANS FELT THE UNEMPLOYMENT INSURANCE PROGRAM SHOULD BE TIGHTENED.

EXPERIENCE
RATING
OF
EMPLOYERS

EXPERIENCE
RATING
OF
EMPLOYERS

OUTLINE OF PRESENTATION

PRINCIPLE

PRESENT LEGISLATIVE PROVISIONS

ADVANTAGES

CONCEPT

AN EXAMPLE

THEORY AND PRACTICE

SICKNESS BENEFIT

CONCLUDING OBSERVATIONS

EXPERIENCE RATING

PRINCIPLE

- (1) APPLIES AN INSURANCE PRINCIPLE TO PROTECTION AGAINST UNEMPLOYMENT BY DISTRIBUTING COST IN RELATION TO THE INCIDENCE OF UNEMPLOYMENT.
- (2) HAS POSSIBLE APPLICATION TO REGULAR AND SICKNESS BENEFITS.

EXPERIENCE RATING

PRESENT LEGISLATIVE PROVISIONS

- (1) THE COMMISSION MAY MAKE REGULATIONS PROVIDING FOR EXPERIENCE RATING AND APPEALS THEREFROM WHICH WOULD RELATE INDIVIDUAL EMPLOYER PREMIUMS TO AVERAGE YEARLY LAYOFF EXPERIENCE.
- (2) SMALL EMPLOYERS, TO BE DEFINED BY THE COMMISSION, SHALL PAY A MAXIMUM OF 1.4 TIMES THE EMPLOYEE'S PREMIUM.
- (3) IN DETERMINING AN AVERAGE YEARLY LAYOFF EXPERIENCE AND THE INDIVIDUAL EMPLOYER PREMIUMS, CLAIMS FROM PERSONS WHO LEAVE THEIR EMPLOYMENT VOLUNTARILY OR BECAUSE OF PREGNANCY, ETC., WOULD NOT BE CONSIDERED (I.E., CONDITIONS OVER WHICH EMPLOYER HAS NO CONTROL).

EXPERIENCE RATING

ADVANTAGES

- (1) BETTER FUNCTIONING OF THE FREE MARKET;
 - (a) COSTS OF PRODUCTION REFLECT COSTS OF RELATED UNEMPLOYMENT
 - (b) PRICES OF PRODUCTS AND SERVICES MORE ACCURATELY REFLECT FULL COSTS
- (2) MORE EQUITABLE DISTRIBUTION OF UNEMPLOYMENT INSURANCE COSTS;

EXPERIENCE RATING

ADVANTAGES (Cont'd)

- (3) INCREASED EMPLOYER PARTICIPATION IN ADMINISTRATION OF PROGRAM;
 - (a) EMPLOYERS PROVIDE MORE ACCURATE INFORMATION ON FORMER EMPLOYEES WHO CLAIM BENEFIT
 - (b) IDENTIFY SOME WHO MAY NOT BE ENTITLED
- (4) INCREASED EMPLOYER INTEREST IN THE TERMS OF THE LEGISLATION;
- (5) INCREASED STABILIZATION OF EMPLOYMENT.

EXPERIENCE RATING

CONCEPT USED FOR PREMIUM CALCULATION

- (1) IT DETERMINES AN INDIVIDUAL PREMIUM RATE FOR EACH PARTICIPATING EMPLOYER BASED ON THE EXTENT TO WHICH HIS EX-EMPLOYEES MAKE USE OF INSURANCE PROTECTION.

EXPERIENCE RATING

CONCEPT USED FOR PREMIUM CALCULATION (Cont'd)

- (2) IF THE EMPLOYEE PREMIUM WERE TO BE EXPERIENCE RATED, PRESUMABLY, IT WOULD HAVE TO BE CONFINED TO VOLUNTARY QUIT, MISCONDUCT AND JOB REFUSAL SITUATIONS. IT WOULD BE AN ADMINISTRATIVE NIGHTMARE FOR BOTH THE COMMISSION AND EMPLOYERS TO ADMINISTER. IT IS MORE EFFECTIVE AND EFFICIENT TO EXPERIENCE RATE EMPLOYEES BY REDUCTIONS IN BENEFIT, E.G., THROUGH DISQUALIFICATIONS. IT IS THEREFORE NOT ANTICIPATED THAT THE EMPLOYEE PREMIUM WOULD BE EXPERIENCE RATED.

EXPERIENCE RATING

ILLUSTRATION OF A FORMULA FOR THE CALCULATION OF EMPLOYER RATES

- (1) THERE ARE A VARIETY OF WAYS OF CALCULATING AN EXPERIENCE RATE. THE FOLLOWING IS ONE OF THE SIMPLER ONES WHICH COULD BE CONSIDERED FOR CANADIAN APPLICATION.
- (2) EACH PARTICIPATING EMPLOYER'S RELATIVE USE OF THE PROGRAM IS CALCULATED BY DETERMINING A LAYOFF FACTOR FOR HIM, WHICH IS BASED ON A COMPARISON OF HIS LAYOFF RATIO WITH THE LAYOFF RATIO FOR ALL RATED EMPLOYERS.

EXPERIENCE RATING

ILLUSTRATION OF A FORMULA FOR THE CALCULATION OF EMPLOYER RATES (Cont'd)

- (3) CALCULATION OF AN EMPLOYER'S LAYOFF FACTOR COULD ALSO TAKE INTO ACCOUNT, AT LEAST TO SOME EXTENT, THE DURATION OF BENEFIT FOR HIS FORMER EMPLOYEES.
- (4) EMPLOYERS WITH THE NATIONAL AVERAGE LAYOFF RATIO WOULD BE GIVEN A LAYOFF FACTOR OF "1" AND SO WOULD PAY THE AVERAGE PREMIUM. APPROPRIATE PREMIUM RATES WOULD BE DETERMINED FOR THE RANGE OF LAYOFF FACTORS, SO THAT EMPLOYERS WOULD CONTRIBUTE AT RATES HIGHER OR LOWER THAN THE AVERAGE PREMIUM, DEPENDING ON THEIR LAYOFF FACTORS.

EXPERIENCE RATING

THEORY AND PRACTICE

LIMITATIONS

- (1) IF TOO SMALL A PROPORTION OF THE TOTAL BENEFIT COST IS EXPERIENCE RATED, INTRODUCTION OF THE CONCEPT BECOMES QUESTIONABLE BECAUSE OF THE LIMITATIONS THIS IMPOSES TO ACHIEVING THE RATIONALE ASSOCIATED WITH THE CONCEPT.
- (2) IN PRACTICE, THERE ARE A NUMBER OF LIMITING FACTORS EACH RESTRICTING THE APPLICATION OF THE PRINCIPLE AND REDUCING THE EXTENT TO WHICH THE THEORETICAL RESULTS CAN BE ACHIEVED.

EXPERIENCE RATING

THEORY AND PRACTICE

INTERNATIONAL SITUATION

IT IS NOT BY ACCIDENT THAT THE ONLY COUNTRY IN THE WORLD TO APPLY EXPERIENCE RATING IS THE UNITED STATES, WHERE THE MAJOR FINANCIAL RESPONSIBILITY FOR THE SCHEME HAS BEEN ASSUMED BY EMPLOYERS. EVEN IN THE UNITED STATES, THERE IS MOUNTING CRITICISM THAT THE OBJECTIVES OF EXPERIENCE RATING HAVE NOT BEEN MET.

EXPERIENCE RATING

LIMITATIONS OF THE APPLICATION

- (1) AS IT IS NOT PRACTICAL TO EXPERIENCE RATE THE EMPLOYEE PREMIUM, A LARGE BENEFIT COST CANNOT BE DIRECTLY RELATED TO THE INCIDENCE OF UNEMPLOYMENT UNLESS EMPLOYERS FINANCE THE WHOLE PRIVATE SECTOR COST.
- (2) TO THE EXTENT THAT GOVERNMENT SUPPORTS A SUBSTANTIAL PORTION OF THE TOTAL PROGRAM COSTS, THE APPLICATION OF EXPERIENCE RATING IS CORRESPONDINGLY DIMINISHED.
- (3) HIGH UNEMPLOYMENT RISK EMPLOYERS, INCLUDING THOSE IN SEASONAL INDUSTRIES, CANNOT PAY THE FULL CHARGES THAT OCCUR FROM THEIR ACTIVITIES.

EXPERIENCE RATING

LIMITATIONS
OF THE
APPLICATION
(Cont'd)

- (4) IF SMALL EMPLOYERS ARE NOT TO BE EXPERIENCE RATED, SUBSTANTIAL AMOUNTS OF NON-CHARGEABLE BENEFIT RESULT.
- (5) BENEFIT COSTS NOT DIRECTLY ATTRIBUTABLE TO EMPLOYER ACTION, SUCH AS FOR VOLUNTARY QUILTS, MISCONDUCT AND JOB REFUSALS, MEAN SUCH BENEFIT IS NON-CHARGEABLE.
- (6) POSSIBLE REDUCTIONS TO EMPLOYERS AS AN INCENTIVE FOR EARLY RE-CALLS WOULD ADD FURTHER TO THE NON-CHARGEABLE COSTS.

EXPERIENCE RATING

ILLUSTRATION OF THE LIMITATION IN THE APPLICATION OF EXPERIENCE RATING TO 1976 ILLUSTRATIVE BENEFIT COSTS

ILLUSTRATIVE REGULAR BENEFIT COST 1976			\$3,040 M
(7.1% UNEMPLOYMENT)			
REDUCTION FOR - GOVERNMENT CONTRIBUTION (5.5% THRESHOLD)	\$1,350 M		
EMPLOYEES' SHARE	\$ 704 M		
(5/12ths OF \$1,690 M)	\$ 247 M		
SMALL EMPLOYERS*			
TOTAL	\$2,301 M		\$2,301 M
BENEFIT LOAD REMAINING			
REDUCTION FOR - VOLUNTARY QUIT, ETC.	\$ 65 M		\$ 739 M
OTHER LIMITATIONS (ROUGH ESTIMATE)	\$ 50 M		
TOTAL	\$ 115 M		\$ 115 M
PERFORMANCE RATING			\$ 624 M

* SMALL EMPLOYERS WITH FEWER THAN ABOUT 15 EMPLOYEES HAVE BEEN ASSUMED TO GENERATE ABOUT 25% OF ALL REGULAR BENEFIT COSTS.

EXPERIENCE RATING

ILLUSTRATION OF THE LIMITATION IN THE APPLICATION OF EXPERIENCE RATING IN CANADA

COMMENTS

- (1) THE ESTIMATED REGULAR BENEFIT LOAD OF \$3,040 M EXCLUDES SPECIAL BENEFITS AND ADMINISTRATIVE COSTS AND REFLECTS THE FINANCIAL IMPACT OF BILL C-69.
- (2) THE ILLUSTRATION INDICATES THAT ONLY ABOUT 20% OF THE ESTIMATED REGULAR BENEFIT COSTS WOULD BE SUBJECT TO EXPERIENCE RATING.

EXPERIENCE RATING

ESTIMATE OF FINANCIAL EFFECT ON CONSTRUCTION INDUSTRY - 1976*

ESTIMATED TOTAL REGULAR BENEFIT PAYMENT TO CONSTRUCTION INDUSTRY	\$ 600 M
REGULAR BENEFIT COST TO BE BORNE BY PRIVATE SECTOR (55.6% OF TOTAL)	\$ 334 M
MAXIMUM COST TO CONSTRUCTION EMPLOYERS WHICH COULD BE EXPERIENCE RATED * *	\$ 195 M
EMPLOYER PREMIUM IF THERE WERE NO EXPERIENCE RATING	\$ 90 M
MAXIMUM ADDED COST TO BE BORNE BY THE INDUSTRY UNDER EXPERIENCE RATING	\$ 105 M
CONSTRUCTION PAYROLL COSTS	\$7,836 M
INCREASE IN PAYROLL COSTS	1.3%

*REFLECTING BILL C-69 AND A 7.1% UNEMPLOYMENT RATE

**7/12ths OF \$334 M

EXPERIENCE RATING

POSSIBLE EFFECT OF EXPERIENCE RATING ON HIGH UNEMPLOYMENT RISK EMPLOYMENT

E.G.
CONSTRUCTION

- (1) IT WOULD REDUCE THE PRESENT INDIRECT SUBSIDY.
- (2) THE SIGNIFICANCE OF INCREASED COST TO THE INDUSTRY WOULD DEPEND ON HOW LABOUR INTENSIVE THE PARTICULAR EMPLOYER (I.E., INDUSTRY) IS, BUT UNDOUBTEDLY A PORTION OF THE HIGHER COSTS WOULD BE REFLECTED IN HIGHER PRICES, ALSO DEPENDENT TO A DEGREE ON THE COMPETITIVE POSITION OF THE INDUSTRY.
- (3) EVEN THOUGH THE REDUCTION IN SUBSIDY IS SUBSTANTIAL, IT COULD BE ARGUED THAT IN TERMS OF TOTAL PAYROLL COSTS, IT IS NOT VERY MEANINGFUL, MAKING QUESTIONABLE THE EFFECTIVENESS OF THE APPLICATION OF EXPERIENCE RATING.

EXPERIENCE RATING

SICKNESS BENEFIT AND EXPERIENCE RATING

A PARALLEL APPROACH TO EXPERIENCE RATING OF REGULAR BENEFIT COULD BE ADOPTED FOR SICKNESS BENEFIT.

EXPERIENCE RATING

SICKNESS BENEFIT AND EXPERIENCE RATING

COMMENTS

- (1) THE PRESENT ARRANGEMENTS FOR REGISTERING EMPLOYERS WITH QUALIFIED SICKNESS BENEFIT PLANS WOULD NOT BE REQUIRED FOR PREMIUM REDUCTION PURPOSES.
- (2) EMPLOYERS WOULD BE CHARGED FOR SICKNESS BENEFIT TO THE EXTENT THAT THEIR EMPLOYEES MAKE USE OF THIS BENEFIT UNDER THE UI PROGRAM.

EXPERIENCE RATING

CONCLUDING OBSERVATIONS

- (1) EXPERIENCE RATING WOULD REDUCE THE PRESENT REDISTRIBUTIVE EFFECTS OF THE PROGRAM. THE EXTENT OF THIS REDUCTION WOULD DEPEND ON THE PROPORTION OF TOTAL COSTS THAT ARE EXPERIENCE RATED.
- (2) ITS EFFECT ON THE COMPETITIVE POSITION OF INDUSTRIES WITH A HIGH RISK OF UNEMPLOYMENT WOULD REQUIRE EXAMINATION.
- (3) THE SYSTEM WOULD REQUIRE COMPLEX AND COSTLY ADMINISTRATIVE ARRANGEMENTS WHICH WOULD BE PARTICULARLY DIFFICULT TO JUSTIFY, ESPECIALLY IF ONLY A SMALL PORTION OF THE TOTAL BENEFIT COSTS WERE EXPERIENCE RATED.
- (4) STUDY WOULD BE REQUIRED OF THE DEFINITION OF AN INDIVIDUAL EMPLOYER UNIT WHICH WOULD PREVENT DIVIDING SINGLE ESTABLISHMENTS TO REDUCE THE EFFECT OF EXPERIENCE RATING ON THE TOTAL ESTABLISHMENT.

EXPERIENCE RATING

CONCLUDING OBSERVATIONS (Cont'd)

- (5) THE PRINCIPLE OF A TRIPARTITE SHARING OF UNEMPLOYMENT INSURANCE COSTS HAS BECOME WELL ESTABLISHED IN CANADA. THERE IS EVERY REASON TO EXPECT THAT THE GOVERNMENT AND EMPLOYEES WILL CONTINUE TO SHARE IN THE COSTS, THEREBY LIMITING THE APPLICABILITY OF EXPERIENCE RATING FOR EMPLOYERS. A CAREFUL ASSESSMENT OF THE CANADIAN SITUATION AND MATURITY WITH THE UNEMPLOYMENT INSURANCE PROGRAM LEADS TO THE CONCLUSION THAT EXPERIENCE RATING WOULD NOT ACHIEVE THE ADVANTAGES ATTRIBUTED TO IT.

EXPERIENCE RATING

CONCLUDING OBSERVATIONS (Cont'd)

- (6) UNLESS IT IS ACCEPTED THAT THERE IS TO BE A FUNDAMENTAL REALLOCATION OF COST TO EMPLOYERS IN GENERAL, AND TO SOME EMPLOYERS IN PARTICULAR, THERE IS AT BEST ONLY A VERY MARGINAL ARGUMENT IN FAVOUR OF INTRODUCING EXPERIENCE RATING.
- (7) WHEN THE SIGNIFICANT ADMINISTRATIVE COSTS ASSOCIATED WITH THE COMPLEX ARRANGEMENTS TO OPERATE THE SYSTEM ARE CONSIDERED, THE CONCEPT BECOMES PRESENTATIONAL AND SYMBOLIC RATHER THAN SUBSTANTIVE IN THE ABSENCE OF A REALLOCATION OF COSTS TO EMPLOYERS.

EXPERIENCE RATING

CONCLUDING OBSERVATIONS (Cont'd)

- (8) IF THERE WERE TO BE SUBSTANTIAL CHANGES IN THE FUTURE BENEFIT STRUCTURE AND FINANCIAL PROVISIONS IN CONCERT WITH NEW INCOME SUPPORT/SUPPLEMENTATION PROGRAMS, THE MATTER MIGHT BE RE-EXAMINED AT THAT TIME.

THE THREE-PHASE BENEFIT STRUCTURE
AND
INCREASED ENTRANCE REQUIREMENTS

THE THREE-PHASE BENEFIT STRUCTURE
AND
INCREASED ENTRANCE REQUIREMENTS

OUTLINE OF PRESENTATION

BENEFIT ENTITLEMENT CONSIDERATIONS

- CENTRAL ISSUES
- GENERAL EFFECTS OF THREE-PHASE BENEFIT STRUCTURE

EXISTING FIVE-PHASE BENEFIT STRUCTURE

- DESCRIPTION
- PROBLEMS

THREE-PHASE BENEFIT STRUCTURE

- OBJECTIVES
- OVERVIEW
- DESCRIPTION OF ENTITLEMENT
- BENEFIT ENTITLEMENT COMPARISON: THREE-PHASE/FIVE-PHASE BENEFIT STRUCTURES
- SPECIAL BENEFITS
- ADVANTAGES
- ESTIMATED FINANCIAL IMPACT

INCREASED ENTRANCE REQUIREMENTS

- GENERAL COMMENTS
- PROS AND CONS OF INCREASING ENTRANCE REQUIREMENTS
- CLAIMANTS "AFFECTED"
- REDUCTION OF BENEFICIARIES AT ANY POINT IN TIME
- ESTIMATED FINANCIAL IMPACT IN COMBINATION WITH THREE-PHASE BENEFIT STRUCTURE

IMPLEMENTATION AND TRANSITIONAL CONSIDERATIONS: THREE-PHASE BENEFIT STRUCTURE AND INCREASED ENTRANCE REQUIREMENTS

BENEFIT ENTITLEMENT CONSIDERATIONS

CENTRAL ISSUES

TWO CENTRAL ISSUES RELATED TO BENEFIT ENTITLEMENT HAVE EMERGED FROM THE EMPIRICAL FINDINGS OF THE COMPREHENSIVE REVIEW:

- (1) THE NEED FOR A BETTER RATIONALIZATION OF THE BENEFIT STRUCTURE, AND
- (2) THE INTERMITTENT AND IRREGULAR WORK PATTERNS OF THOSE WITH 8-11 WEEKS OF INSURED EMPLOYMENT, AND THEIR RESULTING HIGH CLAIM RATES AND COST RATIOS, RAISE QUESTIONS ABOUT THE APPROPRIATENESS OF THEIR ELIGIBILITY TO BENEFITS.

BENEFIT ENTITLEMENT CONSIDERATIONS

GENERAL EFFECTS OF A THREE-PHASE BENEFIT STRUCTURE

IN LIGHT OF THESE ISSUES, A THREE-PHASE BENEFIT STRUCTURE HAS BEEN DEVELOPED WHICH WOULD BE:

- (1) SIMPLER IN DESIGN. MANY OF THE RIGIDITIES AND INEQUITIES OF THE PRESENT BENEFIT STRUCTURE WOULD BE ELIMINATED;
- (2) LESS GENEROUS AT LOW UNEMPLOYMENT RATES, THUS REDUCING WORK DISINCENTIVES;
- (3) MORE RESPONSIVE TO LOCAL UNEMPLOYMENT CONDITIONS;
- (4) MORE EQUITABLE WITH RESPECT TO THE RELATIONSHIP OF BENEFIT ENTITLEMENT AND LENGTH OF PREVIOUS LABOUR FORCE ATTACHMENT. THIS, TOO, HAS POSITIVE IMPLICATIONS FOR A REDUCTION IN WORK DISINCENTIVES.

EXISTING BENEFIT PHASE STRUCTURE

<u>DESCRIPTION</u>	<u>(1) INITIAL BENEFIT PHASE</u>		
	<u>INSURED WEEKS</u>	<u>BENEFIT WEEKS</u>	<u>BENEFIT PERIOD*</u>
	8-15	8	18
	16	9	20
	17	10	22
	18	11	24
	19	12	26
	20 AND OVER	15	29
(2)	RE-ESTABLISHED BENEFIT PHASE: ALL CLAIMANTS AUTOMATICALLY ARE ELIGIBLE FOR 10 ADDITIONAL WEEKS OF BENEFITS		
(3)	LABOUR FORCE EXTENDED BENEFIT PHASE: CLAIMANTS WITH A "MAJOR" LABOUR FORCE ATTACHMENT (20 OR MORE INSURED WEEKS) ARE ELIGIBLE FOR UP TO 18 ADDITIONAL WEEKS OF BENEFITS		

*FLEXIBILITY (THE LENGTH OF THE PERIOD DURING WHICH CLAIMANTS MAY DRAW INITIAL BENEFITS) VARIES BETWEEN 18 AND 29 WEEKS. THERE IS NO FLEXIBILITY IN SUBSEQUENT PHASES

EXISTING BENEFIT PHASE STRUCTURE

DESCRIPTION
(Cont'd)

- (4) NATIONALLY EXTENDED BENEFIT PHASE: ALL CLAIMANTS ARE ELIGIBLE FOR:

FOUR (4) ADDITIONAL WEEKS OF BENEFITS IF THE NATIONAL UNEMPLOYMENT RATE IS BETWEEN 4.1% AND 5.0%;

EIGHT (8) ADDITIONAL WEEKS OF BENEFITS IF THE NATIONAL UNEMPLOYMENT RATE IS OVER 5.0%.
- (5) REGIONALLY EXTENDED BENEFIT PHASE: CLAIMANTS IN EACH OF THE 16 UI ECONOMIC REGIONS MAY BE ELIGIBLE FOR ADDITIONAL WEEKS OF BENEFIT WHEN THE REGIONAL UNEMPLOYMENT RATE IS OVER 4%. THE NUMBER OF ADDITIONAL WEEKS IS BASED ON THE DIFFERENCE BETWEEN THE REGIONAL AND NATIONAL UNEMPLOYMENT RATES. ENTITLEMENT IS RECALCULATED ON THE BASIS OF THE MOST RECENT LABOUR FORCE STATISTICS.

<u>DIFFERENTIAL</u>	<u>BENEFIT WEEKS</u>
UNDER 1.1%	0
1.1 TO 2.0%	6
2.1 TO 3.0%	12
<u>OVER 3.0%</u>	18

NOTE: OVERALL CONSTRAINT
65 WEEKS WITHIN WHICH TO DRAW A MAXIMUM OF 51 WEEKS OF BENEFITS

EXISTING FIVE-PHASE BENEFIT STRUCTURE

PROBLEMS

- (1) GENEROSITY OF PROGRAM IN PERIODS AND REGIONS OF LOW UNEMPLOYMENT CONTRIBUTES TO WORK DISINCENTIVES.
- (2) GENEROUS TREATMENT OF SHORT-TERM LABOUR FORCE ATTACHMENTS HAS BEEN QUESTIONED.
- (3) THE EXISTENCE OF FIVE SEPARATE BENEFIT PHASES RESULTS IN A NUMBER OF UNDESIRABLE COMPLEXITIES IN BOTH THE DETERMINATION OF ENTITLEMENT AND IN THE ADMINISTRATION OF THE PROGRAM.
- (4) RIGIDITIES AND INEQUITIES OF THE PRESENT BENEFIT STRUCTURE:
 - (a) LIMITED FLEXIBILITY IN THE INITIAL BENEFIT PERIOD;
 - (b) CLAIM TERMINATION DUE TO THE "FOUR-WEEK RULE" IN THE EXTENDED PHASES IS SEEN TO BE A DISINCENTIVE TO SEEK AND ACCEPT RE-EMPLOYMENT.

EXISTING FIVE-PHASE BENEFIT STRUCTURE

PROBLEMS (Cont'd)

- (5) DEFICIENCIES IN THE FORMULA FOR CALCULATING EXTENDED BENEFITS:
- (a) BENEFIT ENTITLEMENT EXTENDED BY NATIONAL UNEMPLOYMENT RATE IRRESPECTIVE OF REGIONAL UNEMPLOYMENT RATES;
 - (b) ECONOMIC REGIONS WITH UNEMPLOYMENT RATES WHICH ARE HIGH BUT AT OR BELOW THE NATIONAL RATE, ARE NOT ENTITLED TO REGIONALLY EXTENDED BENEFITS;
 - (c) AN ECONOMIC REGION MAY LOSE SOME OR ALL REGIONALLY EXTENDED BENEFITS IF THE NATIONAL UNEMPLOYMENT RATE RISES MORE QUICKLY THAN THE REGIONAL RATE;
 - (d) LARGE ADDITIONS TO EXTENDED BENEFIT ENTITLEMENT MAY RESULT FROM VERY SMALL INCREASES IN THE NATIONAL OR REGIONAL RATES, E.G. WHEN THE NATIONAL RATE RISES FROM 5.0% TO 5.1% OR WHEN THE DIFFERENCE BETWEEN THE REGIONAL AND NATIONAL RATES MOVES FROM 1.0% TO 1.1%.

THREE-PHASE BENEFIT STRUCTURE

OBJECTIVES

THERE IS A NEED TO MODIFY THE EXISTING BENEFIT STRUCTURE TO:

(1) INCREASE WORK INCENTIVES BY:

- (a) ACHIEVING A MORE APPROPRIATE RELATIONSHIP BETWEEN THE NUMBER OF INSURED WEEKS AND THE DURATION OF BENEFIT ENTITLEMENT;
- (b) RELATING THE ENTITLEMENT TO EXTENDED BENEFITS MORE DIRECTLY TO REGIONAL UNEMPLOYMENT RATES AS AN INDICATOR OF THE DIFFICULTY OF FINDING AND HOLDING JOBS;
- (c) PROVIDING GREATER FLEXIBILITY IN THE AVAILABILITY OF INITIAL BENEFITS AND REMOVING THE FOUR-WEEK RULE IN THE EXTENDED PHASE.

- (2) TO ACHIEVE A MORE EFFECTIVE REDISTRIBUTIVE EFFECT OF THE UI PROGRAM BY HAVING AN EXTENDED PHASE WHICH WILL BE MORE PROGRESSIVELY RESPONSIVE TO REGIONAL ECONOMIC CONDITIONS AS INDICATED BY THE REGIONAL UNEMPLOYMENT RATE.

THREE-PHASE BENEFIT STRUCTURE

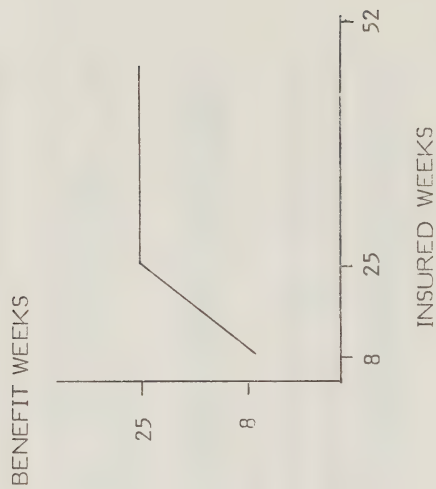
OVERVIEW

- (1) THE THREE-PHASE BENEFIT STRUCTURE HAS BEEN DESIGNED TO MEET THE FOREGOING OBJECTIVES. IT IS PROPOSED TO:
 - (a) REPLACE THE PRESENT INITIAL AND RE-ESTABLISHED BENEFIT PHASE WITH A SINGLE INITIAL BENEFIT PHASE;
 - (b) RETAIN AN EXTENDED PHASE FOR LONGER LABOUR FORCE ATTACHMENT;
 - (c) REPLACE PRESENT NATIONAL AND REGIONALLY EXTENDED BENEFIT PHASE WITH A SINGLE REGIONALLY EXTENDED BENEFIT PHASE.
- (2) THE THREE-PHASE BENEFIT STRUCTURE IS DESIGNED TO PROVIDE INCOME PROTECTION BASED ON LONG LABOUR FORCE ATTACHMENT AND/OR HIGH REGIONAL UNEMPLOYMENT, WHILE LIMITING THE DURATION OF BENEFIT ENTITLEMENT IN LOW UNEMPLOYMENT REGIONS AND FOR SHORT-TERM LABOUR FORCE ATTACHMENTS.

THREE-PHASE BENEFIT STRUCTURE: DESCRIPTION OF ENTITLEMENT

INITIAL BENEFIT PHASE SCHEDULE

<u>INSURED WEEKS</u>	<u>BENEFIT WEEKS</u>
8	8
9	9
10	10
11	11
12	12
.	.
.	.
23	23
24	24
25 AND OVER	25



THREE-PHASE BENEFIT STRUCTURE: DESCRIPTION OF ENTITLEMENT

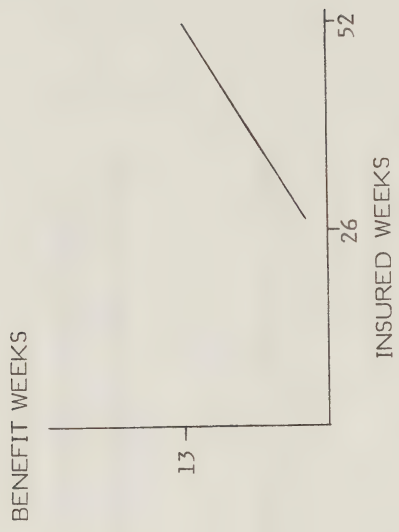
INITIAL BENEFIT PHASE

COMMENTS

- (1) 8 OR MORE INSURED WEEKS ARE REQUIRED TO QUALIFY FOR UI BENEFITS.
- (2) INITIAL BENEFIT DURATION IS CALCULATED ON THE BASIS OF ONE BENEFIT WEEK FOR EACH INSURED WEEK TO A MAXIMUM OF 25 WEEKS.
- (3) FULL FLEXIBILITY IN THE INITIAL PHASE, I.E., INITIAL BENEFIT ENTITLEMENT (INCLUDING THE 15 WEEKS OF SICKNESS BENEFITS FOR LONGER LABOUR FORCE ATTACHMENT) CAN BE DRAWN AT ANY TIME IN THE 52-WEEK BENEFIT PERIOD.

THREE-PHASE BENEFIT STRUCTURE: DESCRIPTION OF ENTITLEMENT LABOUR FORCE EXTENDED BENEFIT PHASE SCHEDULE

INSURED WEEKS	BENEFIT WEEKS
26	0
27	1
28	1
29	2
30	2
.	.
.	.
.	.
51	13
52	13



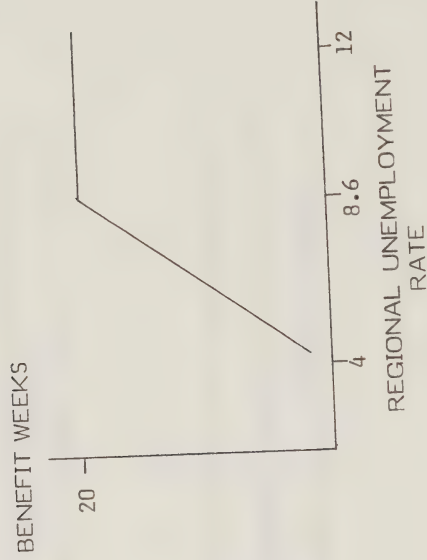
THREE-PHASE BENEFIT STRUCTURE: DESCRIPTION OF ENTITLEMENT
LABOUR FORCE EXTENDED BENEFIT PHASE

COMMENTS

- (1) THE DURATION OF LABOUR FORCE EXTENDED ENTITLEMENT IS BASED ON ONE BENEFIT WEEK FOR EVERY TWO INSURED WEEKS IN EXCESS OF 25 INSURED WEEKS TO A MAXIMUM OF 13 BENEFIT WEEKS (AS COMPARED TO 18 WEEKS UNDER THE PRESENT ACT).
- (2) THE TIME DURING WHICH LABOUR FORCE EXTENDED BENEFITS MAY BE DRAWN IS EQUAL TO THE NUMBER OF WEEKS OF LABOUR FORCE EXTENDED BENEFIT ENTITLEMENT, (I.E., TO GET THEIR MAXIMUM ENTITLEMENT, CLAIMANTS MUST DRAW THEIR BENEFIT ENTITLEMENT CONSECUTIVELY).

THREE-PHASE BENEFIT STRUCTURE: DESCRIPTION OF ENTITLEMENT REGIONALLY EXTENDED BENEFIT PHASE SCHEDULE

REGIONAL UNEMPLOYMENT RATE	BENEFIT WEEKS
4.0 AND UNDER	0
4.1 - 4.5	2
4.6 - 5.0	4
5.1 - 5.5	6
5.6 - 6.0	8
6.1 - 6.5	10
6.6 - 7.0	12
7.1 - 7.5	14
7.6 - 8.0	16
8.1 - 8.5	18
8.6 AND OVER	20



THREE-PHASE BENEFIT STRUCTURE: DESCRIPTION OF ENTITLEMENT
REGIONALLY EXTENDED BENEFIT PHASE

COMMENTS

- (1) REGIONALLY EXTENDED BENEFIT DURATION IS CALCULATED ON THE BASIS OF THE REGIONAL UNEMPLOYMENT LEVEL IN RELATION TO A 4% UNEMPLOYMENT RATE BASE (2 WEEKS FOR 0.5% INCREMENTS OVER THE 4% BASE UP TO A MAXIMUM OF 20 BENEFIT WEEKS).
- (2) THE PERIOD DURING WHICH REGIONALLY EXTENDED BENEFITS MAY BE DRAWN IS EQUAL TO THE NUMBER OF WEEKS OF REGIONALLY EXTENDED BENEFIT ENTITLEMENT (THAT IS, TO OBTAIN MAXIMUM ENTITLEMENT, CLAIMANTS MUST DRAW THEIR BENEFITS CONSECUTIVELY).

THREE-PHASE BENEFIT STRUCTURE: DESCRIPTION OF ENTITLEMENT

GENERAL COMMENTS

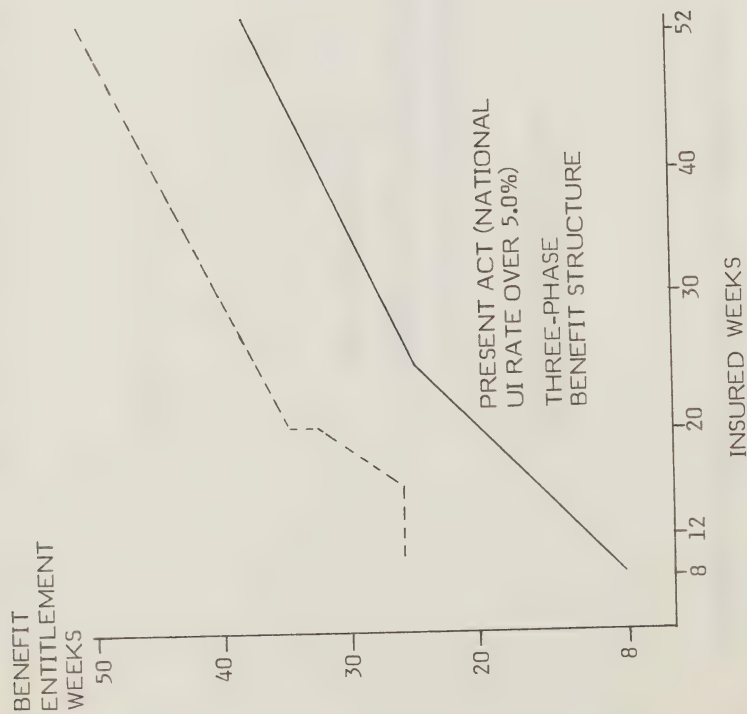
- (1) CLAIMANTS MUST EXHAUST THEIR ENTITLEMENT TO INITIAL BENEFITS BEFORE DRAWING LABOUR FORCE EXTENDED BENEFITS AND, LIKEWISE, MUST EXHAUST THEIR ENTITLEMENT TO LABOUR FORCE EXTENDED BENEFITS BEFORE ENTERING THE REGIONALLY EXTENDED BENEFIT PHASE.

THREE-PHASE BENEFIT STRUCTURE: DESCRIPTION OF ENTITLEMENT

GENERAL COMMENTS (Cont'd)

- (2) THE OVERALL MAXIMUM NUMBER OF BENEFIT WEEKS IS 50, TO BE
DRAWN OVER A 52-WEEK BENEFIT PERIOD, INCLUDING THE 2-
WEEK WAITING PERIOD.

BENEFIT ENTITLEMENT COMPARISON: REGIONAL UNEMPLOYMENT RATE OF 4%



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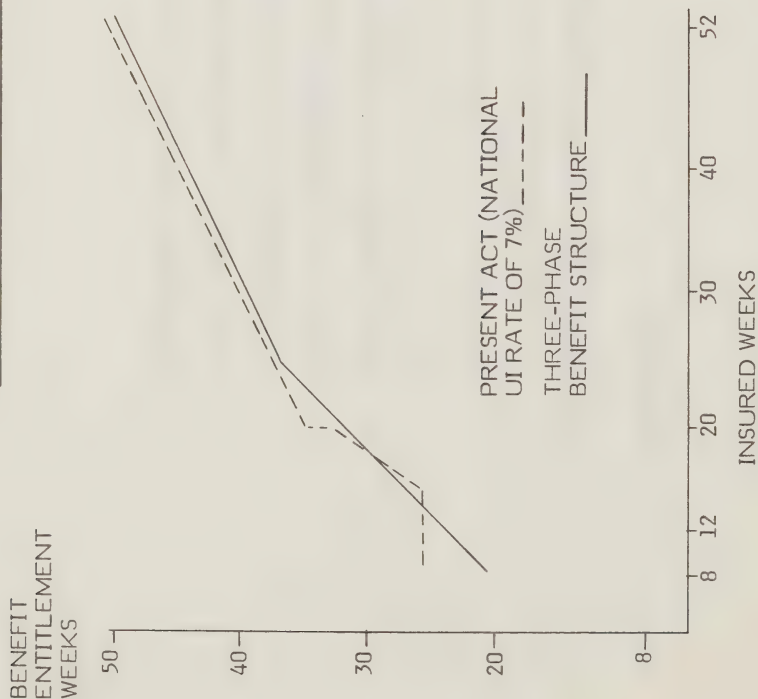
INSURED WEEKS	PRESENT BENEFIT STRUCTURE			THREE-PHASE BENEFIT STRUCTURE	
	5.1% NATIONAL U. RATE	7.0% NATIONAL U. RATE	8.0% NATIONAL U. RATE	ANY NATIONAL U. RATE	
8	26	26	26	26	8
12	26	26	26	26	12
20	35	35	35	35	20
30	40	40	40	40	27
40	45	45	45	45	32
52	51	51	51	51	38

**BENEFIT ENTITLEMENT COMPARISON:
REGIONAL UNEMPLOYMENT RATE OF 4%**

COMMENTS

- (1) UNDER THE PROPOSED THREE-PHASE BENEFIT STRUCTURE, ALL CLAIMANTS RESIDING IN LOW UNEMPLOYMENT REGIONS WILL BE ENTITLED TO LESS BENEFITS THAN AT PRESENT.
- (2) FOR EXAMPLE, IN A REGION WITH A 4% REGIONAL UNEMPLOYMENT RATE, CLAIMANTS WITH LONGER TERM LABOUR FORCE ATTACHMENT WILL HAVE THEIR ENTITLEMENT REDUCED BY 13 WEEKS WHILE THOSE WITH SHORTER TERM ATTACHMENT WILL HAVE THEIR ENTITLEMENT REDUCED BY UP TO 18 WEEKS.

BENEFIT ENTITLEMENT COMPARISON: REGIONAL UNEMPLOYMENT RATE OF 7%



INSURED WEEKS	PRESENT BENEFIT STRUCTURE			THREE-PHASE BENEFIT STRUCTURE	
	5.1% NATIONAL U. RATE	7.0% NATIONAL U. RATE	8.0% NATIONAL U. RATE	ANY NATIONAL U. RATE	
8	32	26	26	26	20
12	32	26	26	26	24
20	41	35	35	35	32
30	46	40	40	40	39
40	51	45	45	45	44
52	51	51	51	51	50

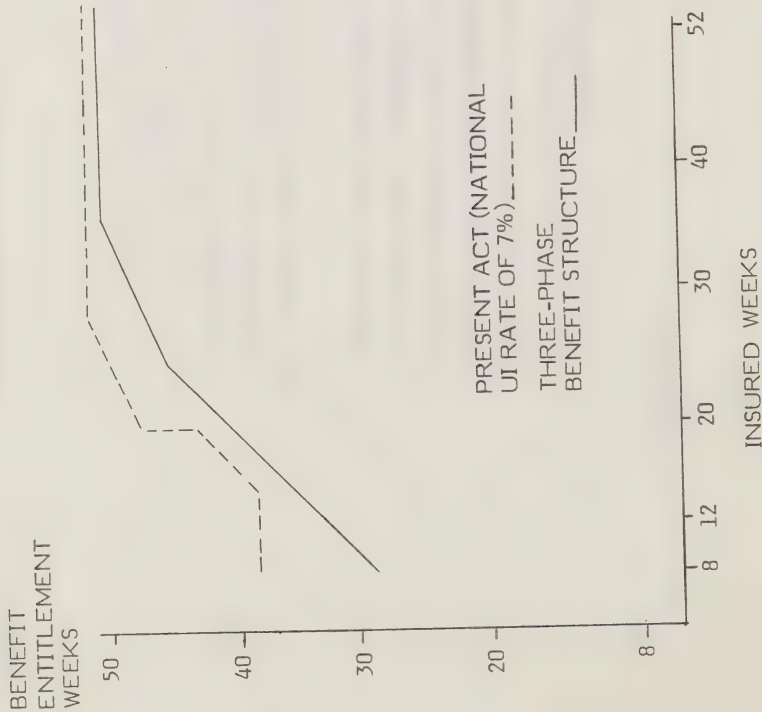
**BENEFIT ENTITLEMENT COMPARISON:
REGIONAL UNEMPLOYMENT RATE OF 7%**

COMMENTS

- (1) CLAIMANTS WITH LONGER TERM LABOUR FORCE ATTACHMENT WHO RESIDE IN A REGION EXPERIENCING A REGIONAL UNEMPLOYMENT RATE OF 7% WILL LOSE LITTLE, IF ANY, BENEFIT ENTITLEMENT. FOR EXAMPLE, WHEN THE NATIONAL RATE OF UNEMPLOYMENT IS 7%, CLAIMANTS WITH 30 OR 40 INSURED WEEKS WILL BE UNAFFECTED WHILE THOSE WITH 52 INSURED WEEKS WILL LOSE 1 WEEK OF BENEFIT ENTITLEMENT.

- (2) CLAIMANTS WITH SHORTER TERM LABOUR FORCE ATTACHMENT WHO RESIDE IN A REGION EXPERIENCING A REGIONAL UNEMPLOYMENT RATE OF 7% WILL LOSE SOME BENEFIT ENTITLEMENT. FOR EXAMPLE, WHEN THE NATIONAL RATE OF UNEMPLOYMENT IS 7%, CLAIMANTS WITH 8 INSURED WEEKS WILL LOSE 6 WEEKS OF BENEFIT ENTITLEMENT.

BENEFIT ENTITLEMENT COMPARISON: REGIONAL UNEMPLOYMENT RATE OF 10%



INSURED WEEKS	PRESENT BENEFIT STRUCTURE			THREE-PHASE BENEFIT STRUCTURE	
	5.1% NATIONAL U. RATE	7.0% NATIONAL U. RATE	8.0% NATIONAL U. RATE	ANY NATIONAL U. RATE	
8	44	38	32		28
12	44	38	32		32
20	51	47	41		40
30	51	51	47		47
40	51	51	51		50
52	51	51	51		50

BENEFIT ENTITLEMENT COMPARISON:
REGIONAL UNEMPLOYMENT RATE OF 10%

COMMENTS

- (1) CLAIMANTS WITH LONGER TERM LABOUR FORCE ATTACHMENT WHO RESIDE IN HIGH UNEMPLOYMENT REGIONS WILL LOSE ONLY ONE WEEK OF BENEFIT ENTITLEMENT (50 WEEKS VS 51 WEEKS).
- (2) CLAIMANTS WITH SHORTER TERM LABOUR FORCE ATTACHMENT WHO RESIDE IN HIGH UNEMPLOYMENT REGIONS WILL LOSE SOME ENTITLEMENT. FOR EXAMPLE, WHEN THE NATIONAL RATE IS 7%, A CLAIMANT WITH 8 INSURED WEEKS WHO RESIDES IN A REGION EXPERIENCING A 10% REGIONAL UNEMPLOYMENT RATE WILL LOSE 10 WEEKS OF BENEFIT ENTITLEMENT.
- (3) THE ENTITLEMENT TABLE ILLUSTRATES ONE OF THE ANOMALIES OF THE PRESENT BENEFIT STRUCTURE IN THAT MANY CLAIMANTS WHO RESIDE IN HIGH UNEMPLOYMENT REGIONS MAY RECEIVE LESS ENTITLEMENT IN PERIODS OF HIGH NATIONAL UNEMPLOYMENT THAN IN PERIODS OF LOW NATIONAL UNEMPLOYMENT. FOR EXAMPLE, UNDER THE PRESENT BENEFIT STRUCTURE, AN 8-WEEKER WILL RECEIVE 44 WEEKS OF ENTITLEMENT WHEN THE NATIONAL RATE IS 5.1%, BUT WILL RECEIVE ONLY 32 WEEKS WHEN THE NATIONAL RATE IS 8.0%.

THREE-PHASE BENEFIT STRUCTURE: SPECIAL BENEFITS

COMMENTS

(1) THE MAXIMUM 15 WEEKS OF SICKNESS BENEFITS MAY BE TAKEN AT ANY TIME DURING THE INITIAL BENEFIT PHASE, WHICH IN TURN, CAN BE DRAWN AT ANY TIME DURING THE 52-WEEK BENEFIT PERIOD (EXCLUSIVE OF THE 2-WEEK WAITING PERIOD).

(2)* WOMEN WITH 20 OR MORE INSURED WEEKS ARE ELIGIBLE FOR UP TO 15 WEEKS OF MATERNITY BENEFITS, LIMITED TO THE FIRST 15 BENEFIT WEEKS IN THE INITIAL BENEFIT PHASE (THE TOTAL FOR SICKNESS AND MATERNITY BENEFITS MAY NOT EXCEED 15 WEEKS PER INITIAL BENEFIT PHASE).

*IN CONNECTION WITH MATERNITY BENEFITS, BILL C-16 HAS PROVIDED A GREATER FLEXIBILITY IN THE DRAWING OF BENEFIT WHICH CAN, SUBJECT TO THE FOREGOING CONSIDERATION, BE PAID FROM 8 WEEKS BEFORE, TO 17 WEEKS AFTER, THE WEEK OF THE EXPECTED DATE OF BIRTH.

THREE-PHASE BENEFIT STRUCTURE: SPECIAL BENEFITS

COMMENTS (Cont'd)

- (3) PERSONS WITH 20 OR MORE INSURED WEEKS ARE ELIGIBLE TO
RECEIVE NOT LESS THAN 3 WEEKS OF BENEFITS ON ATTAINING
AGE 65.

THREE-PHASE BENEFIT STRUCTURE

ADVANTAGES:

- (1) IT INCREASES INCENTIVE TO WORK BY SHORTENING BENEFIT ENTITLEMENT, PARTICULARLY FOR SHORT-TERM LABOUR FORCE ATTACHMENT CLAIMANTS IN ECONOMIC REGIONS OF LOW UNEMPLOYMENT;
- (2) IT PROVIDES LONG-TERM INCOME PROTECTION FOR CLAIMANTS WITH LONGER LABOUR FORCE ATTACHMENT OR FOR CLAIMANTS RESIDING IN REGIONS OF HIGH UNEMPLOYMENT;
- (3) IT INCREASES FLEXIBILITY IN THE INITIAL PHASE AND ELIMINATES THE FOUR-WEEK RULE IN THE EXTENDED PHASES. THIS SHOULD PROVIDE ADDITIONAL INCENTIVE TO SEEK AND ACCEPT RE-EMPLOYMENT.

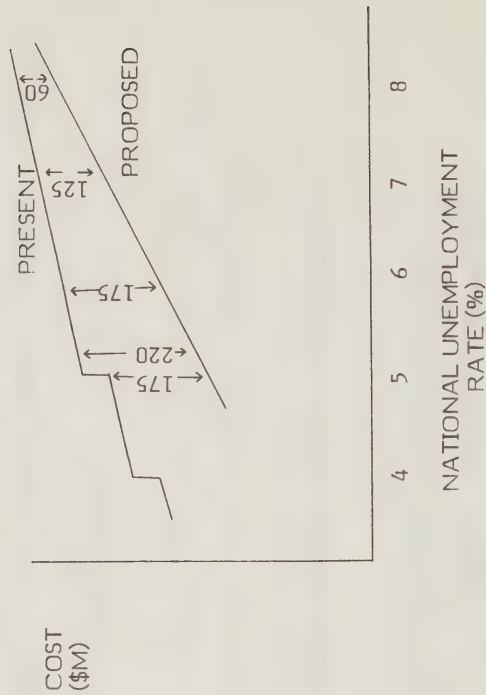
THREE-PHASE BENEFIT STRUCTURE

ADVANTAGES (Cont'd)

- (4) IT ELIMINATES DESIGN ANOMALIES BY TRIGGERING REGIONALLY EXTENDED BENEFITS SOLELY ON THE BASIS OF THE REGIONAL UNEMPLOYMENT RATE AND NOT ON THE DIFFERENCE BETWEEN REGIONAL AND NATIONAL RATES.
- (5) IT MAKES REGIONALLY EXTENDED BENEFITS PROGRESSIVELY RESPONSIVE TO REGIONAL UNEMPLOYMENT RATES.
- (6) IT IS SIMPLE:
 - (a) REDUCTION IN THE NUMBER OF BENEFIT PHASES
 - (b) 1-FOR-1 RULE IN INITIAL PHASE

ESTIMATED FINANCIAL IMPACT OF THREE-PHASE BENEFIT STRUCTURE

NATIONAL UNEMPLOYMENT RATE	IMPACT ON PROGRAM COSTS*
(%)	(\$M)
5.0	-175
5.1	-220
6.0	-175
7.0	-125
8.0	- 60



* ESTIMATES ARE STATED IN 1976 DOLLARS AND ASSUME FULL IMPLEMENTATION AND MATURITY OF BOTH BILL C-69 AND THE THREE-PHASE BENEFIT STRUCTURE IN THAT YEAR.

ESTIMATED FINANCIAL IMPACT
OF THREE-PHASE BENEFIT STRUCTURE

COMMENTS

- (1) THE THREE-PHASE BENEFIT STRUCTURE WILL RESULT IN A REDUCTION OF PROGRAM COSTS (ALL TO THE PUBLIC SECTOR) OF APPROXIMATELY \$200 MILLION AT LOWER RATES OF UNEMPLOYMENT (ABOUT 5%) AND ABOUT \$60 MILLION AT 8.0% UNEMPLOYMENT.
- (2) AS EXPERIENCE IS LACKING IN PREDICTING THE DISTRIBUTION OF REGIONAL UNEMPLOYMENT WHEN THE NATIONAL RATE IS 8% AND OVER, AN ANALYSIS OF THE SENSITIVITY OF COST ESTIMATES TO ALTERNATIVE DISTRIBUTIONS OF REGIONAL UNEMPLOYMENT WAS UNDERTAKEN. THIS ANALYSIS REVEALED THAT A BREAK-EVEN POINT COULD BE REACHED AT AN 8% UNEMPLOYMENT RATE, ALTHOUGH OUR CURRENT BEST ESTIMATE IS A \$60M SAVING.

ESTIMATED FINANCIAL IMPACT
OF THREE-PHASE BENEFIT STRUCTURE

COMMENTS (Cont'd)

- (3) THE ESTIMATES PRESENTED MEASURE THE DIRECT FINANCIAL IMPACT ON BENEFIT COSTS OF THE REVISED BENEFIT STRUCTURE. THEY DO NOT ACCOUNT FOR THE FINANCIAL IMPACT OF BEHAVIOURAL CHANGES WHICH MAY RESULT FROM THE IMPLEMENTATION OF THE THREE-PHASE BENEFIT STRUCTURE.

ESTIMATED FINANCIAL IMPACT
OF THREE-PHASE BENEFIT STRUCTURE

COMMENTS (Cont'd)

(4) WHILE IT IS NOT POSSIBLE TO QUANTIFY POTENTIAL CHANGES IN CLAIMANT BEHAVIOUR, ANY BEHAVIOURAL CHANGE SHOULD REINFORCE THE SAVINGS EXPECTED FROM THE IMPLEMENTATION OF THE THREE-PHASE BENEFIT STRUCTURE FOR THE FOLLOWING REASONS:

- (a) REDUCTIONS IN BENEFIT ENTITLEMENT SHOULD INCREASE INCENTIVE TO WORK;
- (b) THE INCREASED FLEXIBILITY IN THE INITIAL PHASE MAY ALSO PROVIDE AN INCENTIVE TO RETURN TO WORK;
- (c) THE REMOVAL OF THE FOUR-WEEK RULE ELIMINATES AN EXISTING DISINCENTIVE IN THE PRESENT SCHEDULE TO ACCEPT EMPLOYMENT.

FINANCIAL IMPACT OF THE THREE-PHASE BENEFIT STRUCTURE BY UIC ECONOMIC REGION: 5.4% UNEMPLOYMENT

(IN 1976 DOLLARS)

UIC ECONOMIC REGIONS	IMPACT ON INITIAL, RE-ESTABLISHED INITIAL AND MAJOR LABOUR FORCE		IMPACT ON NATIONALLY AND REGIONALLY EXTENDED		TOTAL IMPACT ON REGULAR BENEFITS	
		(\$M)		(\$M)		(\$M)
VANCOUVER - VICTORIA	- 5%	- 11	- 13%	- 2	- 6%	- 13
SOUTHERN B.C.	- 6%	- 6	- 9%	- 1	- 7%	- 7
ALBERTA	- 2%	- 2	- 100%	- 3	- 6%	- 5
SASKATCHEWAN	- 4%	- 2	- 100%	- 5	- 13%	- 7
MANITOBA	- 4%	- 2	- 100%	- 3	- 9%	- 5
N.W. ONTARIO	- 5%	- 5	- 90%	- 12	- 15%	- 17
LONDON - WINDSOR	- 5%	- 6	- 95%	- 10	- 15%	- 16
HAMILTON - TORONTO	- 4%	- 13	- 100%	- 29	- 11%	- 42
EASTERN ONTARIO	- 4%	- 5	- 100%	- 11	- 14%	- 16
MONTREAL	- 5%	- 14	- 13%	- 4	- 6%	- 18
EASTERN TOWNSHIPS	- 6%	- 6	0%	0	- 5%	- 6
ST. L.-GASPÉ	- 7%	- 26	+ 2%	+ 3	- 6%	- 23
N.B. - P.E.I.	- 7%	- 9	0%	0	- 6%	- 9
NOVA SCOTIA	- 7%	- 7	- 17%	- 3	- 10%	- 10
NEWFOUNDLAND	- 8%	- 7	- 4%	- 2	- 8%	- 9
REST OF CANADA	- 6%	- 1	- 11%	- 1	- 8%	- 2
TOTAL	-5.3%	-122	-24.2%	- 84	-8.1%	-205

FINANCIAL IMPACT OF THE THREE-PHASE BENEFIT STRUCTURE
BY UIC ECONOMIC REGION

COMMENTS

- (1) IN PERIODS OF RELATIVELY LOW UNEMPLOYMENT, ALL REGIONS WILL EXPERIENCE SOME REDUCTION IN BENEFITS. THE PRESENT INITIAL, RE-ESTABLISHED INITIAL AND MAJOR LABOUR FORCE BENEFITS WILL BE REDUCED BY 5.3% (\$122 M), WHILE THE PRESENT NATIONALLY AND REGIONALLY EXTENDED BENEFITS WILL BE REDUCED BY 24.2% (\$84 M).
- (2) THE RELATIVELY LARGE REDUCTIONS IN PRESENT INITIAL, RE-ESTABLISHED INITIAL AND MAJOR LABOUR FORCE BENEFITS EXPERIENCED IN THE ATLANTIC AND THE ST. LAWRENCE-GASPÉ REGIONS IS PRIMARILY ATTRIBUTABLE TO THE LARGER PROPORTION OF SHORT TERM ATTACHEES IN THESE REGIONS.
- (3) VERY LARGE REDUCTIONS IN PRESENT NATIONALLY AND REGIONALLY EXTENDED BENEFITS WILL BE EXPERIENCED IN THE PRAIRIE AND ONTARIO REGIONS BECAUSE THESE REGIONS WILL RECEIVE NO NATIONAL AND LITTLE, IF ANY, REGIONAL BENEFITS, DUE TO THEIR LOW RATES OF UNEMPLOYMENT.

FINANCIAL IMPACT OF THE THREE-PHASE BENEFIT STRUCTURE BY UIC ECONOMIC REGION: 7.0% UNEMPLOYMENT

(IN 1976 DOLLARS)

UIC ECONOMIC REGIONS	IMPACT ON INITIAL, RE-ESTABLISHED INITIAL AND MAJOR LABOUR FORCE		IMPACT ON NATIONALLY AND REGIONALLY EXTENDED		TOTAL IMPACT ON REGULAR BENEFITS	
	(\$M)		(\$M)		(\$M)	
VANCOUVER - VICTORIA	- 7%	- 14	+ 53%	+ 17	+ 1%	+ 3
SOUTHERN B.C.	- 6%	- 6	+ 8%	+ 2	- 2%	- 4
ALBERTA	- 4%	- 3	- 100%	- 5	- 9%	- 8
SASKATCHEWAN	- 4%	- 3	- 100%	- 6	- 11%	- 9
MANITOBA	- 4%	- 2	- 100%	- 5	- 11%	- 7
N.W. ONTARIO	- 7%	- 10	+ 9%	+ 2	- 5%	- 8
LONDON - WINDSOR	- 8%	- 11	+ 52%	+ 11	0%	0
HAMILTON - TORONTO	- 7%	- 29	- 10%	- 6	- 7%	- 35
EASTERN ONTARIO	- 8%	- 10	0%	0	- 6%	- 10
MONTREAL	- 6%	- 20	+ 25%	+ 13	- 2%	- 7
EASTERN TOWNSHIPS	- 7%	- 8	+ 8%	+ 3	- 3%	- 5
ST. L.-GASPÉ	- 7%	- 29	+ 6%	+ 9	- 3%	- 20
N.B. - P.E.I.	- 7%	- 10	+ 8%	+ 4	- 3%	- 6
NOVA SCOTIA	- 9%	- 9	+ 36%	+ 10	+ 1%	+ 1
NEWFOUNDLAND	- 9%	- 10	+ 4%	+ 2	- 5%	- 8
REST OF CANADA	- 6%	- 3	+ 7%	+ 1	- 3%	- 2
TOTAL	-6.6%	-177	+ 8.8%	+ 52	-3.7%	-125

FINANCIAL IMPACT OF THE THREE-PHASE BENEFIT STRUCTURE
BY UIC ECONOMIC REGION

COMMENTS

- (1) AT A NATIONAL UNEMPLOYMENT RATE OF 7.0%, THE FINANCIAL IMPACT OF THE THREE-PHASE BENEFIT STRUCTURE IS SIGNIFICANTLY REDUCED. THE PRESENT INITIAL, RE-ESTABLISHED INITIAL AND MAJOR LABOUR FORCE BENEFITS WILL BE REDUCED BY 6.6% (\$177 M), WHILE THE PRESENT NATIONAL AND REGIONAL BENEFITS WILL BE INCREASED BY 8.8% (\$52 M).
- (2) WHILE ALL REGIONS WILL EXPERIENCE A REDUCTION IN INITIAL, RE-ESTABLISHED INITIAL AND MAJOR LABOUR FORCE BENEFITS, THIS REDUCTION WILL BE PARTIALLY OR EVEN COMPLETELY OFFSET BY INCREASES IN EXTENDED BENEFITS EXCEPT IN THOSE REGIONS WITH LOWER UNEMPLOYMENT RATES.

FINANCIAL IMPACT OF THE THREE-PHASE BENEFIT STRUCTURE BY UIC ECONOMIC REGION: 8.0% UNEMPLOYMENT

(IN 1976 DOLLARS)

UIC ECONOMIC REGIONS	IMPACT ON INITIAL, RE-ESTABLISHED INITIAL AND MAJOR LABOUR FORCE		IMPACT ON NATIONALLY AND REGIONALLY EXTENDED		TOTAL IMPACT ON REGULAR BENEFITS	
	(\$M)		(\$M)		(\$M)	
VANCOUVER - VICTORIA	- 7%	- 16	+ 89%	+ 32	+ 5%	+16
SOUTHERN B.C.	- 8%	- 8	+ 10%	+ 3	- 4%	- 5
ALBERTA	- 4%	- 3	- 100%	- 6	- 9%	- 9
SASKATCHEWAN	- 4%	- 3	- 100%	- 7	- 11%	-10
MANITOBA	- 5%	- 3	- 90%	- 4	- 11%	- 7
N.W. ONTARIO	- 6%	- 9	+ 46%	+ 12	+ 2%	+ 3
LONDON - WINDSOR	- 7%	- 11	+ 80%	+ 20	+ 5%	+ 9
HAMILTON - TORONTO	- 7%	- 29	+ 16%	+ 11	- 3%	-18
EASTERN ONTARIO	- 7%	- 10	+ 23%	+ 5	- 3%	- 5
MONTREAL	- 7%	- 27	+ 68%	+ 42	+ 3%	+15
EASTERN TOWNSHIPS	- 7%	- 10	+ 9%	+ 4	- 3%	- 6
ST. L. - GASPÉ	- 8%	- 38	+ 6%	+ 11	- 4%	-27
N.B. - P.E.I.	- 7%	- 12	+ 7%	+ 4	- 3%	- 8
NOVA SCOTIA	- 9%	- 10	+ 43%	+ 15	+ 3%	+ 5
NEWFOUNDLAND	- 9%	- 12	+ 3%	+ 2	- 5%	-10
REST OF CANADA	- 7%	- 5	+ 9%	+ 2	- 3%	- 3
TOTAL	-7.0%	-206	+20.6%	+146	-1.7%	-69

FINANCIAL IMPACT OF THE THREE-PHASE BENEFIT STRUCTURE
BY UIC ECONOMIC REGION

COMMENTS

- (1) AT A NATIONAL UNEMPLOYMENT RATE OF 8%, THE FINANCIAL IMPACT OF THE THREE PHASE BENEFIT STRUCTURE ON TOTAL BENEFIT EXPENDITURES WILL BE MARGINAL. THE PRESENT INITIAL, RE-ESTABLISHED INITIAL AND MAJOR LABOUR FORCE BENEFITS WILL BE REDUCED BY 7.0% (\$206 M), WHICH WILL BE OFFSET TO A SIGNIFICANT DEGREE BY AN INCREASE OF 20.6% (\$146 M) IN EXTENDED BENEFITS.
- (2) IT SHOULD BE NOTED THAT IN PERIODS OF HIGH UNEMPLOYMENT, THOSE REGIONS WITH REGIONAL UNEMPLOYMENT RATES NEAR OR SLIGHTLY ABOVE THE NATIONAL AVERAGE WILL BE MUCH BETTER OFF UNDER THE THREE-PHASE BENEFIT STRUCTURE. THIS ARISES FROM THE FACT THAT, UNDER THE PRESENT BENEFIT STRUCTURE, THOSE REGIONS WITH FAIRLY HIGH REGIONAL RATES OF UNEMPLOYMENT (SUCH AS VANCOUVER-VICTORIA, N. W. ONTARIO, LONDON-WINDSOR, MONTREAL AND NOVA SCOTIA) WILL RECEIVE ONLY 8 WEEKS OF NATIONALLY EXTENDED ENTITLEMENT AND COULD RECEIVE NO REGIONALLY EXTENDED ENTITLEMENT. UNDER THE THREE-PHASE BENEFIT SCHEDULE, THESE REGIONS WILL RECEIVE 14 TO 20 WEEKS OF REGIONALLY EXTENDED BENEFIT ENTITLEMENT IN THOSE CIRCUMSTANCES WHERE THE NATIONAL RATE IS 8%.

FINANCIAL IMPACT BY CLAIMANT GROUP
OF THE THREE-PHASE BENEFIT STRUCTURE BY INSURED WEEKS
 (AT A NATIONAL UNEMPLOYMENT RATE OF 5.4%)

<u>INSURED WEEKS</u>	<u>IMPACT</u>
8 - 11	-29%
12 - 15	-18%
16 - 19	-11%
20	- 9%
21 - 24	- 6%
25 - 29	- 3%
30 - 34	- 2%
35 - 39	- 3%
40 - 44	- 2%
45 - 49	- 3%
50 - 52	- 2%
TOTAL IMPACT	- 8%

FINANCIAL IMPACT BY CLAIMANT GROUP
OF THE THREE-PHASE BENEFIT STRUCTURE BY INSURED WEEKS

COMMENTS

(1) BY DESIGN, THE THREE-PHASE BENEFIT STRUCTURE REDUCES THE DURATION OF ENTITLEMENT FOR MOST MINOR ATTACHMENT CLAIMANTS, PARTICULARLY THOSE IN AREAS OF LOW UNEMPLOYMENT. BASED ON 1974 EXPERIENCE, WHEN THE NATIONAL RATE OF UNEMPLOYMENT WAS 5.4%, THE LARGEST IMPACT IS ON 8-TO 11-WEEKERS, WITH OTHER MINOR ATTACHMENT CLAIMANTS ALSO RECEIVING A SIGNIFICANT REDUCTION.

(2) AT PRESENT, THERE IS INSUFFICIENT EVIDENCE TO ESTIMATE THE EXACT IMPACT OF THE THREE-PHASE BENEFIT STRUCTURE ACCORDING TO VARIOUS CLAIMANT CHARACTERISTICS AT HIGHER RATES OF UNEMPLOYMENT. IT CAN BE OBSERVED, HOWEVER, THAT THERE WILL STILL BE A RELATIVELY GREATER CURTAILMENT OF BENEFIT ENTITLEMENT FOR SHORT TERM ATTACHMENT CLAIMANTS AT HIGHER RATES OF UNEMPLOYMENT.

FINANCIAL IMPACT BY CLAIMANT GROUP
OF THE THREE-PHASE BENEFIT STRUCTURE BY INSURED EARNINGS
(AT A NATIONAL UNEMPLOYMENT RATE OF 5.4%)

<u>INSURED EARNINGS (\$)</u>	<u>IMPACT</u>
LESS THAN 40	
40 - 49	-14%
50 - 59	-15%
60 - 69	-14%
70 - 79	-12%
80 - 89	-12%
90 - 99	-11%
100 - 109	-10%
110 - 119	- 9%
120 - 129	- 7%
130 - 139	- 8%
140 - 149	-10%
150 - 159	- 8%
160 - 169	- 8%
170 AND OVER	- 5%
TOTAL IMPACT	- 2%
	- 8%

FINANCIAL IMPACT BY CLAIMANT GROUP
OF THE THREE-PHASE BENEFIT STRUCTURE BY INSURED EARNINGS

COMMENTS

SINCE MINOR ATTACHMENT CLAIMANTS HAVE, ON AVERAGE, LOWER INSURED EARNINGS THAN MAJOR ATTACHMENT CLAIMANTS, THE THREE-PHASE BENEFIT STRUCTURE HAS A LARGER IMPACT ON CLAIMANTS WITH LOWER LEVELS OF INSURED EARNINGS. THIS RESULT IS EXPECTED TO PREVAIL AT HIGH AS WELL AS LOW RATES OF UNEMPLOYMENT, ALTHOUGH THE EXTENT OF THE IMPACT WILL BE REDUCED AT HIGHER RATES OF UNEMPLOYMENT.

FINANCIAL IMPACT BY CLAIMANT GROUP
OF THE THREE-PHASE BENEFIT STRUCTURE BY AGE
(AT A NATIONAL UNEMPLOYMENT RATE OF 5.4%)

<u>AGE</u>	<u>IMPACT</u>
UNDER 20	-11%
20 - 24	- 8%
25 - 34	- 8%
35 - 44	- 8%
45 - 54	- 8%
55 - 64	- 8%
65 AND OVER	*
TOTAL IMPACT	- 8%

* CLAIMANTS 65 YEARS OF AGE AND OVER EXCLUDED FROM
 COVERAGE THROUGH BILL C-69

FINANCIAL IMPACT BY CLAIMANT GROUP
OF THE THREE-PHASE BENEFIT STRUCTURE BY AGE

COMMENTS

BECAUSE CLAIMANTS UNDER 20 YEARS OF AGE HAVE, ON AVERAGE, FEWER INSURED WEEKS, THE THREE-PHASE BENEFIT STRUCTURE HAS ITS LARGEST IMPACT ON THIS AGE GROUP. THIS RESULT IS EXPECTED TO PREVAIL AT HIGH AS WELL AS LOW RATES OF UNEMPLOYMENT, ALTHOUGH THE EXTENT OF THE IMPACT WILL BE REDUCED AT HIGHER RATES OF UNEMPLOYMENT.

FINANCIAL IMPACT BY CLAIMANT GROUP OF THE THREE-PHASE BENEFIT STRUCTURE

BY SEX AND DEPENDENCY STATUS
(AT A NATIONAL UNEMPLOYMENT RATE OF 5.4%)

<u>SEX</u>	<u>IMPACT</u>
MALE	-9%
FEMALE	-8%
TOTAL IMPACT	-8%
<u>DEPENDENCY STATUS</u>	<u>IMPACT</u>
WITH DEPENDENTS	-7%
NO DEPENDENTS	-9%
TOTAL IMPACT	-8%

FINANCIAL IMPACT BY CLAIMANT GROUP
OF THE THREE-PHASE BENEFIT STRUCTURE
BY SEX AND DEPENDENCY STATUS

COMMENTS

- (1) BASED ON 1974 EXPERIENCE, WITH A NATIONAL UNEMPLOYMENT RATE OF 5.4%, MALES AND FEMALES WILL BE ALMOST EQUALLY AFFECTED BY THE THREE-PHASE BENEFIT STRUCTURE. UNDER THE SAME CONDITIONS, THE IMPACT ON CLAIMANTS WITH NO DEPENDENTS WILL BE SLIGHTLY LARGER THAN ON THOSE WITH DEPENDENTS.
- (2) AT HIGHER RATES OF UNEMPLOYMENT, THE TOTAL IMPACT WILL BE MARGINAL. THERE IS INSUFFICIENT EMPIRICAL EVIDENCE AT THE HIGHER RATES OF UNEMPLOYMENT UPON WHICH TO ESTIMATE THE IMPACT BY SEX AND DEPENDENCY STATUS.

INCREASED ENTRANCE REQUIREMENTS

INCREASED ENTRANCE REQUIREMENTS

COMMENTS

- (1) THE THREE-PHASE BENEFIT STRUCTURE ACHIEVES A CERTAIN DEGREE OF CURTAILMENT OF BENEFIT ENTITLEMENT FOR THOSE WITH SHORT-TERM LABOUR FORCE ATTACHMENT; HOWEVER, A QUESTION STILL REMAINS AS TO WHETHER THE UI PROGRAM IS THE MOST APPROPRIATE ONE TO DEAL WITH THIS GROUP'S NEEDS IN THE LIGHT OF THEIR UNSTABLE ATTACHMENT TO THE LABOUR FORCE.

INCREASED ENTRANCE REQUIREMENTS

COMMENTS (Cont'd)

- (2) AS A RESULT, CONSIDERATION HAS BEEN GIVEN TO INCREASING THE ENTRANCE REQUIREMENT, TOGETHER WITH THE CHANGES ASSOCIATED WITH THE THREE-PHASE BENEFIT STRUCTURE*.
- (3) ESTIMATES ARE PRESENTED OF THE FINANCIAL IMPACT OF INCREASING THE ENTRANCE REQUIREMENT FROM 8 TO 12 OR 16 INSURED WEEKS.

*IN ADDITION TO THIS, EXTENSIVE WORK IS BEING CARRIED OUT ON A MORE DEVELOPMENTAL USE OF UI FUNDS. IN PARTICULAR, PROPOSALS RELATED TO PROGRAMS OF TRAINING, JOB CREATION AND WORK SHARING ALLOWANCES, TAILORED TO THE UI CLAIMANT POPULATION, ARE BEING FORMULATED FOR FURTHER CONSIDERATION.

INCREASED ENTRANCE REQUIREMENTS

PROS

- (1) REDUCTION IN TOTAL UI PROGRAM COSTS;
- (2) INCREASED PROGRAM ACCEPTANCE BY THE PUBLIC WHICH CONSIDERS ENTRANCE REQUIREMENTS TOO LOW;
- (3) REDUCTION OF SUBSIDIES RECEIVED BY THOSE OCCUPATIONS AND INDUSTRIES TRADITIONALLY HAVING SHORT-TERM AND INTERMITTENT EMPLOYMENT PATTERNS;
- (4) ENCOURAGEMENT OF INDIVIDUALS TO REMAIN IN EMPLOYMENT FOR LONGER PERIODS OF TIME.

INCREASED ENTRANCE REQUIREMENTS

CONS

- (1) ADMINISTRATIVE STATISTICS DO NOT REVEAL SIGNIFICANT DIFFERENCES IN RATES OF DISQUALIFICATION/DISENTITLEMENT BY INSURED WEEKS;
- (2) REDUCTION OF INCOME PROTECTION FOR THOSE WITH LEGITIMATE NEED, ALTHOUGH THE QUESTION HAS BEEN RAISED AS TO WHETHER RELATIVELY GENEROUS UI BENEFITS SHOULD BE MADE AVAILABLE TO THOSE WITH ONLY A SHORT-TERM LABOUR FORCE ATTACHMENT;
- (3) STRONG IMPACT ON THOSE REGIONS WITH A HIGH PERCENTAGE OF MARGINAL ATTACHEES, PARTICULARLY THE HIGH UNEMPLOYMENT ATLANTIC REGION;
- (4) WILL AFFECT LOW WAGE EARNERS, ALTHOUGH SOME OF THESE MAY BE EXPECTED TO BE SECONDARY EARNERS.

INCREASED ENTRANCE REQUIREMENTS: CLAIMANTS AFFECTED

COMMENTS

THE HEADING "CLAIMANTS AFFECTED" REFERS TO THE NUMBERS AND PROPORTION OF CLAIMANTS WHO ARE 8-TO-11-WEEKERS OR 8-TO-15-WEEKERS. IT SHOULD NOT BE INTERPRETED TO MEAN THOSE WHO WILL BE EXCLUDED FROM BENEFITS WITH THE HIGHER ENTRANCE REQUIREMENT. IN FACT, THE COST ESTIMATES ASSUME THAT SOME WILL FIND ADDITIONAL WEEKS OF INSURED EMPLOYMENT AND WILL QUALIFY AT THE HIGHER ENTRANCE REQUIREMENT (40% TO 50% AND 30% TO 40% RESPECTIVELY).

CLAIMANTS AFFECTED BY INCREASED ENTRANCE REQUIREMENT BY PROVINCE

PROVINCE	CLAIMANTS AFFECTED*			
	12-WEEK MINIMUM	(NO.)	(%)	16-WEEK MINIMUM
NEWFOUNDLAND	17.0	16,500	30.6	29,500
PRINCE EDWARD ISLAND	15.4	3,000	29.7	5,500
NOVA SCOTIA	14.8	15,000	27.6	27,500
NEW BRUNSWICK	18.2	18,500	31.8	33,000
QUEBEC	14.0	106,500	26.2	198,500
ONTARIO	12.0	95,000	22.9	181,500
MANITOBA	12.8	12,000	23.9	22,500
SASKATCHEWAN	11.0	7,500	22.9	16,000
ALBERTA	9.8	13,000	19.5	26,000
BRITISH COLUMBIA	13.1	43,000	24.9	82,500
TOTAL	13.2	330,000	24.9	622,500

*ESTIMATES ARE BASED ON A TOTAL BENEFICIARY POPULATION OF 2.5 MILLION INDIVIDUALS AT AN UNEMPLOYMENT RATE OF 7.0% IN 1976.

CLAIMANTS AFFECTED BY INCREASED ENTRANCE REQUIREMENT BY AGE

AGE	CLAIMANTS "AFFECTED"*		
	12-WEEK MINIMUM		16-WEEK MINIMUM
	(%)	(NO.)	(%) (NO.)
UNDER 20			
20 - 24	24.6	66,700	43.2 117,000
25 - 34	15.6	93,400	29.4 178,700
35 - 44	11.6	73,600	22.1 140,700
45 - 54	10.4	41,600	20.3 80,900
55 - 64	10.4	34,700	19.7 66,000
65 AND OVER	9.3	20,000	17.9 39,200
	**	**	**
TOTAL	13.2	330,000	24.9 622,500

*ESTIMATES ARE BASED ON A TOTAL BENEFICIARY POPULATION OF 2.5 MILLION INDIVIDUALS AT AN UNEMPLOYMENT RATE OF 7.0% IN 1976.

**CLAIMANTS AFFECTED BY INCREASED ENTRANCE REQUIREMENT
BY SEX AND DEPENDENCY STATUS**

<u>SEX</u>	CLAIMANTS "AFFECTED"*			
	<u>12-WEEK MINIMUM</u>		<u>16-WEEK MINIMUM</u>	
	(%)	(NO.)	(%)	(NO.)
MALE	13.2	213,500	24.8	402,000
FEMALE	13.3	116,500	25.1	220,500
TOTAL	13.2	330,000	24.9	622,500
<u>DEPENDENCY STATUS</u>				
WITH DEPENDENTS	9.0	70,000	17.4	129,500
NO DEPENDENT	15.0	260,000	28.1	493,000
TOTAL	13.2	330,000	24.9	622,500

*ESTIMATES ARE BASED ON A TOTAL BENEFICIARY POPULATION OF 2.5 MILLION INDIVIDUALS AT AN UNEMPLOYMENT RATE OF 7.0% IN 1976.

REDUCTION OF BENEFICIARIES AT ANY POINT IN TIME
DUE TO AN INCREASED ENTRANCE REQUIREMENT

COMMENTS

IT IS ESTIMATED THAT AT ANY POINT IN TIME IN 1976 THERE WILL BE AN AVERAGE OF 100,000 BENEFICIARIES WITH 8 TO 11 INSURED WEEKS AND 185,000 BENEFICIARIES WITH 8 - 15 INSURED WEEKS. HOWEVER, NOT ALL OF THESE INDIVIDUALS WILL, AS A RESULT OF A HIGHER ENTRANCE REQUIREMENT, BE PREVENTED FROM RECEIVING BENEFITS. IT IS ESTIMATED THAT APPROXIMATELY 50% OF THOSE WITH 8 - 11 WEEKS AND 30% OF THOSE WITH 8 - 15 WEEKS WILL BE ABLE TO CONTINUE TO WORK OR FIND ADDITIONAL INSURED EMPLOYMENT TO QUALIFY FOR BENEFITS AT THE HIGHER ENTRANCE REQUIREMENT.

REDUCTION OF BENEFICIARIES AT ANY POINT IN TIME DUE TO AN INCREASED ENTRANCE REQUIREMENT*

BY PROVINCE

<u>PROVINCE</u>	<u>12-WEEK MINIMUM</u> (NO.)	<u>16-WEEK MINIMUM</u> (NO.)
NEWFOUNDLAND	3,300	8,300
PRINCE EDWARD ISLAND	400	1,100
NOVA SCOTIA	2,600	6,700
NEW BRUNSWICK	3,500	8,400
QUEBEC	18,000	47,000
ONTARIO	13,700	36,000
MANITOBA	900	2,400
SASKATCHEWAN	600	1,800
ALBERTA	1,000	2,600
BRITISH COLUMBIA	6,000	15,700
TOTAL	50,000	130,000

*ESTIMATES ARE BASED ON A BENEFICIARY POPULATION OF 750,000 INDIVIDUALS AT ANY POINT IN TIME FOR AN UNEMPLOYMENT RATE OF 7.0% IN 1976.

REDUCTION OF BENEFICIARIES AT ANY POINT IN TIME DUE TO AN INCREASED ENTRANCE REQUIREMENT*

BY AGE

AGE	12-WEEK MINIMUM (NO.)	16-WEEK MINIMUM (NO.)
UNDER 20		
20 - 24	10,100	24,400
25 - 34	14,000	37,300
35 - 44	11,200	29,400
45 - 54	6,300	16,900
55 - 64	5,300	13,800
	3,100	8,200
TOTAL	50,000	130,000

*ESTIMATES ARE BASED ON A BENEFICIARY POPULATION OF 750,000 INDIVIDUALS AT ANY POINT IN TIME FOR AN UNEMPLOYMENT RATE OF 7.0% IN 1976.

REDUCTION OF BENEFICIARIES AT ANY POINT IN TIME
DUE TO AN INCREASED ENTRANCE REQUIREMENT*
BY SEX AND DEPENDENCY STATUS

<u>SEX</u>	<u>12-WEEK MINIMUM</u>	<u>16-WEEK MINIMUM</u>
	(NO.)	(NO.)
MALE	32,000	84,000
FEMALE	18,000	46,000
TOTAL	50,000	130,000
<u>DEPENDENCY STATUS</u>		
WITH DEPENDENTS	10,000	103,000
NO DEPENDENT	40,000	27,000
TOTAL	50,000	130,000

*ESTIMATES ARE BASED ON A BENEFICIARY POPULATION OF 750,000 INDIVIDUALS AT ANY POINT IN TIME FOR AN UNEMPLOYMENT RATE OF 7.0% IN 1976.

FINANCIAL IMPACT OF 12-WEEK ENTRANCE REQUIREMENT
IN COMBINATION WITH THE THREE-PHASE BENEFIT STRUCTURE*

THREE-PHASE BENEFIT STRUCTURE
WITH AN ENTRANCE REQUIREMENT OF

		<u>TOTAL</u> (\$M)	<u>GOV'T</u> (\$M)	<u>EE/ER</u> (\$M)
a)	<u>8 WEEKS</u>			
	- AT 5.4%	-205	-205	0
	- AT 7.0%	-125	-125	0
	- AT 8.0%	- 60	- 60	0
b)	<u>12 WEEKS</u>			
	- AT 5.4%	(-325 TO -350)	(-245 TO -250)	(-80 TO -100)
	- AT 7.0%	(-275 TO -325)	(-200 TO -230)	(-75 TO - 95)
	- AT 8.0%	(-250 TO -300)	(-175 TO -210)	(-75 TO - 90)

*ESTIMATES ARE STATED IN 1976 DOLLARS AND ASSUME FULL IMPLEMENTATION AND MATURITY
OF ALL COMPONENTS IN THAT YEAR.

FINANCIAL IMPACT OF 12-WEEK ENTRANCE REQUIREMENT
IN COMBINATION WITH THE THREE-PHASE BENEFIT STRUCTURE

COMMENTS

- (1) IF THE ENTRANCE REQUIREMENT OF THE THREE-PHASE BENEFIT SCHEDULE IS INCREASED TO 12 WEEKS, IT WILL RESULT IN ADDITIONAL SAVINGS OF:
 - (a) \$120 M TO \$145 M AT 5.4% UNEMPLOYMENT
 - (b) \$150 M TO \$200 M AT 7.0% UNEMPLOYMENT
 - (c) \$190 M TO \$240 M AT 8.0% UNEMPLOYMENT

- (2) THE ESTIMATED SAVINGS TAKE INTO ACCOUNT:
 - (a) OVERLAP WITH THE IMPACT OF THE THREE-PHASE BENEFIT STRUCTURE
UNDER THE PROPOSED ENTITLEMENT SCHEDULES, BENEFIT EXPENDITURES TO MARGINAL ATTACHMENT CLAIMANTS WILL BE GREATLY REDUCED.

 - (b) POSSIBLE BEHAVIOURAL RESPONSE BY MARGINAL ATTACHMENT CLAIMANTS
IT IS LIKELY THAT A NUMBER OF THESE CLAIMANTS WILL FIND ENOUGH ADDITIONAL WEEKS OF EMPLOYMENT TO QUALIFY FOR BENEFITS AT THE NEW 12-WEEK MINIMUM.

FINANCIAL IMPACT OF 16-WEEK ENTRANCE REQUIREMENT
IN COMBINATION WITH THE THREE-PHASE BENEFIT STRUCTURE*

THREE PHASE BENEFIT STRUCTURE
WITH AN ENTRANCE REQUIREMENT OF

		<u>TOTAL</u> (\$M)	<u>GOV'T</u> (\$M)	<u>EE/ER</u> (\$M)
a)	<u>8 WEEKS</u>			
	- AT 5.4%	-205	-205	0
	- AT 7.0%	-125	-125	0
	- AT 8.0%	- 60	- 60	0
b)	<u>16 WEEKS</u>			
	- AT 5.4%	(-455 TO -505)	(-280 TO -300)	(-175 TO -205)
	- AT 7.0%	(-475 TO -550)	(-310 TO -355)	(-165 TO -195)
	- AT 8.0%	(-485 TO -560)	(-330 TO -375)	(-155 TO -185)

*ESTIMATES ARE STATED IN 1976 DOLLARS AND ASSUME FULL IMPLEMENTATION AND MATURITY OF ALL COMPONENTS IN THAT YEAR.

FINANCIAL IMPACT OF 16-WEEK ENTRANCE REQUIREMENT
IN COMBINATION WITH THE THREE-PHASE BENEFIT STRUCTURE

COMMENTS

(1) IF THE ENTRANCE REQUIREMENT OF THE THREE-PHASE BENEFIT SCHEDULE IS INCREASED FROM 8 TO 16 WEEKS, IT WILL RESULT IN ADDITIONAL SAVINGS OF:

- (a) \$250 M TO \$300 M AT 5.4% UNEMPLOYMENT
- (b) \$350 M TO \$425 M AT 7.0% UNEMPLOYMENT
- (c) \$425 M TO \$500 M AT 8.0% UNEMPLOYMENT

(2) THE ESTIMATED SAVINGS TAKE INTO ACCOUNT:

- (a) OVERLAP WITH THE IMPACT OF THE THREE-PHASE BENEFIT STRUCTURE
UNDER THE PROPOSED ENTITLEMENT SCHEDULES, BENEFIT EXPENDITURES TO MARGINAL ATTACHMENT CLAIMANTS WILL BE GREATLY REDUCED.
- (b) POSSIBLE BEHAVIOURAL RESPONSE BY MARGINAL ATTACHMENT CLAIMANTS

IT IS LIKELY THAT A NUMBER OF THESE CLAIMANTS WILL FIND ENOUGH ADDITIONAL WEEKS OF EMPLOYMENT TO QUALIFY FOR BENEFITS AT THE NEW 16-WEEK MINIMUM.

THREE-PHASE BENEFIT STRUCTURE AND INCREASED
ENTRANCE REQUIREMENTS

IMPLEMENTATION

- (1) THE THREE-PHASE BENEFIT STRUCTURE COULD BE IMPLEMENTED WITHIN APPROXIMATELY 18 MONTHS FOLLOWING APPROVAL.
- (2) AN INCREASE IN THE ENTRANCE REQUIREMENT COULD BE IMPLEMENTED IN APPROXIMATELY 6 WEEKS.

THREE-PHASE BENEFIT STRUCTURE AND INCREASED
ENTRANCE REQUIREMENTS

TRANSITION

THE PROVISIONS OF THE THREE-PHASE BENEFIT STRUCTURE AND AN INCREASED ENTRANCE REQUIREMENT WOULD BE APPLIED TO ALL NEW CLAIMANTS FOLLOWING IMPLEMENTATION. EXISTING CLAIMS WOULD BE ALLOWED TO CONTINUE UNDER CURRENT GROUND RULES.

CONCLUDING
OBSERVATIONS
ON THE
COMPREHENSIVE
REVIEW

CONCLUDING
OBSERVATIONS
ON THE
COMPREHENSIVE
REVIEW

REPORT ON THE COMPREHENSIVE REVIEW
OF THE UI PROGRAM

CONCLUDING OBSERVATIONS

(1) THE SIGNIFICANT ROLE OF THE UI PROGRAM IN CANADA

ITS SIGNIFICANCE IS APPARENT IN THAT UI EXPENDITURES ARE THE EQUIVALENT OF ABOUT 10% OF THE FEDERAL BUDGET AND 2.1% OF GNP. ITS IMPORTANCE IS DEMONSTRATED FURTHER IN ITS OVERALL FINANCIAL, ECONOMIC AND SOCIAL IMPACT.

CONCLUDING OBSERVATIONS

(2) THE CHANGING ORIENTATION OF THE UI PROGRAM

SINCE THE INCEPTION OF THE PROGRAM, EMPHASIS HAS PROGRESSIVELY SHIFTED FROM INSURANCE PRINCIPLE TO INCOME TRANSFER, CULMINATING IN THE 1971 LEGISLATION WITH ITS COMBINATION OF UNIVERSAL COVERAGE, GREATER GENEROSITY OF BENEFIT ENTITLEMENT AND FEDERALLY-FINANCED EXTENDED BENEFITS.

THIS TREND HAS BEEN REFLECTED IN THE STUDIES ON THE REDISTRIBUTIVE AND MACRO-ECONOMIC EFFECTS OF THE PROGRAM.

CONCLUDING OBSERVATIONS

(3) POSSIBLE FUTURE DIRECTION OF THE UI PROGRAM

(a) SOCIAL SECURITY SYSTEM

- (i) IT APPEARS CLEAR THAT UI WILL CONTINUE TO PLAY A CENTRAL ROLE AS THE FIRST LINE OF DEFENCE AGAINST TEMPORARY INTERRUPTIONS OF EARNINGS.
- (ii) A FUNDAMENTAL POLICY ISSUE FOR GOVERNMENT IS THE EXTENT TO WHICH UI SHOULD PLAY A POSITIVE REDISTRIBUTIVE ROLE IN THE CONTEXT OF THE TOTAL INCOME MAINTENANCE SYSTEM AND THE GOVERNMENT'S OVERALL SOCIAL AND ECONOMIC POLICIES.
- (iii) THIS RAISES THE ISSUES OF COVERAGE, CONDITIONS OF ENTITLEMENT AND THE FINANCING OF THE PROGRAM (PUBLIC VERSUS PRIVATE SECTOR, EXPERIENCE RATING).

CONCLUDING OBSERVATIONS

(3) POSSIBLE FUTURE DIRECTION OF THE UI PROGRAM (Cont'd)

(b) LABOUR MARKET AND THE ECONOMY

- (i) UI IS HAVING A SIGNIFICANTLY INCREASED IMPACT ON THE LABOUR MARKET AND THE ECONOMY.
- (ii) A FUNDAMENTAL DILEMMA IS THE TRADE-OFF BETWEEN ADEQUATE INCOME PROTECTION AND WORK DISINCENTIVES.
- (iii) EXPERIENCE WITH THE PROGRAM, CONFIRMED BY THE COMPREHENSIVE REVIEW, DEMONSTRATES THE IMPORTANCE OF ENSURING THAT CLAIMANTS MAKE PRODUCTIVE USE OF THEIR TIME ON UI.
- (iv) IN THIS CONTEXT, EFFECTIVENESS OF PLACEMENT, COUNSELLING, JOB CREATION AND TRAINING ARE CENTRAL TO ENSURING THE INTEGRITY OF THE PROGRAM AND THE MORE EFFECTIVE FUNCTIONING OF THE LABOUR MARKET.
- (v) THE ADJUDICATION PROCESS AND ADMINISTRATIVE CONTROL PROGRAMS SHOULD BE MORE DIRECTLY BASED ON LABOUR MARKET INTELLIGENCE.
- (vi) THE EFFECTIVENESS OF THE UI PROGRAM DEPENDS ON GOVERNMENT'S OVERALL SOCIAL AND ECONOMIC POLICIES AND IN PARTICULAR, ON MANPOWER POLICIES AND PROGRAMS.

CONCLUDING OBSERVATIONS

CONTINUING REVIEW

- (1) WHILE THE COMPREHENSIVE REVIEW HAS PROVIDED NEW INSIGHTS INTO THE UI PROGRAM, IT CLEARLY DEMONSTRATES THE NECESSITY FOR CONTINUING IN-DEPTH STUDY.

CONCLUDING OBSERVATIONS

CONTINUING REVIEW (Cont'd)

- (2) IN PARTICULAR, THE COMPREHENSIVE REVIEW INDICATES A NEED FOR FURTHER ANALYSIS OF CLAIMANT BEHAVIOUR BEFORE, DURING AND AFTER CLAIM TO EVALUATE THE EFFECTS OF THE UI PROGRAM IN MEETING ITS TWIN OBJECTIVES OF PROVIDING ADEQUATE INCOME REPLACEMENT AND HELPING WORKERS RETURN TO REWARDING AND STABLE EMPLOYMENT.
- (3) IN THIS CONNECTION, IT SHOULD BE NOTED THAT THE REVIEW DID NOT EXAMINE THE MORE BENEFICIAL SOCIO-ECONOMIC IMPACTS OF UI, SUCH AS MAINTAINING DIGNITY, SUPPORTING A SKILLED JOB POOL, ETC.

CONCLUDING OBSERVATIONS

AREAS FOR FURTHER STUDY

FURTHER STUDY IS REQUIRED ON:

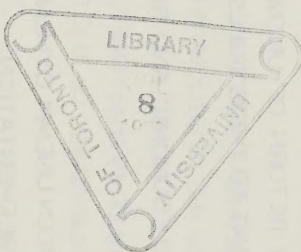
- (1) THE LABOR FORCE EXPERIENCE OF THE COVERED POPULATION, ESPECIALLY THE EXPERIENCE OF UI CLAIMANTS OVER LONGER PERIODS OF TIME;
- (2) THE EXTENT TO WHICH THE UI PROGRAM PREVENTS CLAIMANTS FROM GOING INTO DEBT OR SIGNIFICANTLY REDUCING THEIR STANDARD OF LIVING;
- (3) THE INTERFACE BETWEEN UNEMPLOYMENT INSURANCE AND TRAINING, MOBILITY, PLACEMENT, JOB CREATION AND OTHER MANPOWER PROGRAMS;

CONCLUDING OBSERVATIONS

AREAS FOR FURTHER STUDY (Cont'd)

- (4) THE EXTENT TO WHICH THE UI PROGRAM FACILITATES PRODUCTIVE JOB SEARCH AND SPEEDY RETURN OF UNEMPLOYED PERSONS TO PRODUCTIVE EMPLOYMENT RELEVANT TO THEIR SKILLS;
- (5) DISINCENTIVE, MACRO-ECONOMIC AND REDISTRIBUTIVE EFFECTS OF THE UI PROGRAM;
- (6) THE INTERFACE BETWEEN UNEMPLOYMENT INSURANCE AND PROPOSALS FOR INCOME SUPPORT/SUPPLEMENTATION.

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